

EUROPEAN NEWS

Another year of loss for non-life insurance

By John Wicks in Zurich

FOR THE second successive year, the non-life insurance business in all leading Western markets showed an underwriting loss in 1983, according to a report issued by the Swiss Reinsurance Company.

The Zurich-based company says that underwriting results of non-life insurers appear to have improved slightly in some countries last year, but had "stabilised at a high negative level" or further deteriorated in others.

The report blames the unfavourable conditions on higher insurance values, natural catastrophes, more stringent legislation and court practices, growing crime and higher demands by insured parties.

"Premium growth in most countries cannot keep pace with the rising claim costs," says Swiss Reinsurance. "Persistent strong pressure on rates and increasing cut-throat competition are the consequences." Losses in the motor-insurance sector are seen as of decisive importance to the non-life insurance industry as a whole.

Elsewhere, fire insurance is said to be in a "most critical situation, while underwriters losses were also reported by most countries in the field of marine, burglary, accident and third-party business."

Industrial insurers and reinsurers in the U.S. are in the process of doing each other to death, Mr Günther Marx, a member of the executive board of the Bavarian Re-Insurance company said at a symposium organised by Zurich Insurance.

Money was to be made only in the personal insurance business in the U.S. today, he added. His "white list of 24 secure industrial insurers" included no U.S. firms.

Kevin Done and Diana Smith examine implications of Sweden's and Portugal's moves to admit foreign banks

Stockholm follows other laggards in from the cold

SWEDEN IS coming in from the cold. The only country left in the industrialised world which does not allow foreign banking operations, is planning to open its borders. The move has been forced on Stockholm partly by the tactics of its neighbour, Norway.

Ever eager to score points, Norway used the opportunity of its own plans for liberalisation to point out earlier this year that Sweden would soon be the only country in Europe "aside from the dictatorships in the East bloc" still to maintain a ban on foreign banks.

With Norway following other laggards such as Australia and Portugal into the International fold Mr Rolf Presthus, the Norwegian Finance Minister, noted that Swedish banks would be banned from Norway until Norwegian banks had the right to establish themselves in Sweden.

A special committee of inquiry set up last year by the Swedish Government to examine the structure of the credit market has now accepted that "this unilateral isolation of the Swedish credit market is, in the long run, untenable." The Government ordered the committee to speed up its work on foreign banks and in an interim report issued last week, the committee gave the green light for their admission.

The report suggests that the proposed changes in the banking law should come into force on July 1, 1985, and that foreign banks should then be given four months in which to lodge their applications. It should be feasible for the foreign banks to start operations around the beginning of 1986.

The main demands the committee suggests the foreign banks should have to satisfy are:

- Foreign banks should establish subsidiaries not branches.
- Several could co-operate to form a jointly-owned consortium bank, but they should not be allowed to take in a Swedish partner.
- Foreign banks will not be allowed to buy a holding in existing Swedish banks.
- Until the committee has completed its work on credit market reforms, foreign banks should be prohibited from establishing further subsidiaries such as finance or brokerage companies.
- Foreign banks' equity capital will be limited to a maximum of Skr75m (£7m), and a minimum of Skr25m in the first years of operation.
- Foreign banks will not be able to hold shares in businesses "alien to a bank."



SOMEONE WEARING dark glasses on a pitch-black night would find it difficult not to notice the latest addition to Lisbeth's expensive office space, a vast pile painted an amazing shade of yellow.

Customers of Chase Manhattan Bank, which is reported to be one of the building's first inhabitants, will presumably find the experience quite dazzling.

But it may pay off for Chase, which along with Manufacturers Hanover Trust, has been authorised to open a full branch in Portugal, the first foreign bank allowed in since the 1975 revolution.

The path of entry has been strewn with obstacles. It became possible early this year for Portuguese or foreign enterprises to apply for a banking licence, assuming they could be bothered to produce a dossier containing hundreds of pages of facts,

certificates and affidavits and to await the good offices of the bureaucracy.

Chase and Manufacturers Hanover were among the ten concerns—nine foreign and one Portuguese—who felt it was worth the effort. Each bank had its own reasons: some simply wished to expand others had an eye on Portugal's impending accession to the European Community.

By July, only five foreign applicants—Chase Manhattan, Manufacturers Hanover Trust, Citibank, Banque Nationale de Paris and Belgian Société Générale de Banque, had got as far as being considered by the cabinet.

The authorities had stressed that Portugal was



not ready for a spate of foreign banks: its banking system could not take a sudden, massive injection of powerful capital and competition. Probably only three or four institutions would be authorised at first.

Foreign parent banks should have their own shares widely held. They should not be dominated by one or a number of owners or owner groups." The committee does not explain how this rule should apply to the state-owned French banks, several of which appear eager to enter the Swedish market.

- A maximum of one-third of board members would be allowed to be foreigners or non-residents and the chairman would normally have to be a resident Swede.

It remains to be seen just how desirable the Swedish market will prove for foreign banks, although some 27 have already established or are seeking per-

Late in the day, a Portuguese concern, Sociedade Portuguesa de Investimento (SPI), also received the go-ahead from the Bank of Portugal. SPI was in a unique position: although 32.5 per cent of its equity is held by six foreign shareholders it has operated since 1981 as a para-banking investment company, and, as it wants to convert to an investment bank rather than a commercial bank, it needed fewer regulations to satisfy the authorities. It was a racing certainty to be approved and thus reduced the number of foreign banks likely to be accepted.

The European applicants were not included on the list. They may have suffered from the slow progress of EEC negotiations and a quiet expression of displeasure may have been as much for home consumption as for restriction in Paris or Brussels.

That left the three American candidates. It seemed ostentatious to let three Americans in at once, when the Europeans were being asked to wait. Therefore, the

exposure and relative historic weight of the three were examined.

On this basis, Chase and Manufacturers Hanover won, having been the first and practically the only banks to

ball Portugal out of its financial bind in 1974-75, when international banks studiously looked the other way, shuddering at the thought that Eurodollars might inadvertently finance Marxist advances. Citibank was the loser.

The new banks will join Lloyds Bank International and Credit Portugal in a small market with limited corporate clients. The next authorisations could cover four banks or more—so that by late 1985 Portuguese banking will be highly diversified and more competitive than ever before.

The foreign banks will also have to undertake to "conduct a relatively broad range of activities in Sweden," including, surprisingly, retail banking.

Most foreign banks are interested in the Swedish market, however, because of the better access they could obtain to high quality Swedish corporate clients and most are aiming to concentrate on specialised wholesale banking services.

The foreign banks accept that they cannot hope to compete in Swedish kroner lending, where the domestic banks have deposits from households. They see their strength in exploiting their international networks, to assist Swedish exporters and their foreign subsidiaries.

Foreign exchange, trade financing, and above all international payments and corporate cash management are areas where they think they can carve out a profitable market share, as well as investment banking, which has been underdeveloped in Sweden until the last couple of years.

Differences of opinion have emerged too among the committee and its expert advisers, most notably Mr Curt Olsson, chairman of Skandinaviska Enskilda Banken. In his own memorandum to the committee's report he calls on the Government to allow foreign banks to take up to 20 per cent of the equity of a Swedish bank—Finland and Norway have similar regulations—and to allow Swedish banks to enter into joint ventures with foreign banks.

Ironically, it is the foreign banks which will soon be able to lay the best claim to offering corporate clients a pan-Nordic banking service, a point already stressed in large glossy advertisements by Citibank and Samuel Montagu at Stockholm and Helsinki airports.

Italian shopkeepers plan tax Bill protest

By James Buxton in Rome

ITALY'S million-odd shopkeepers are planning to close their shops for the whole day on October 23 in protest against a Government Bill which represents the country's most sweeping assault in years on tax evasion and the black economy.

The Bill, prepared by Sig Visentini, the Minister of Finance, is already facing serious opposition in parliament, particularly from parties belonging to Sig Bettino Craxi's coalition Government—even though the Cabinet itself approved the measure in late July.

Sig Visentini, a stern and well-respected figure this week vigorously defended his proposal in parliament, and has let it be known that he will resign if they are seriously amended. If he did so, the Craxi Government would almost certainly fall.

The tax measures, expected to bring in at least L10,000bn (£4,350bn) in extra revenue next year, are aimed at tightening the screws on small businesses, especially shopkeepers and self-employed professionals who are collectively the biggest tax-evaders in the country.

Shopkeepers usually declare very low incomes in proportion to their sales, claiming to earn less than industrial workers or even saying their businesses make a loss.

Self-employed professionals such as doctors and lawyers declare incomes that are on average barely above those of wage-earners.

The untaxed and unrecorded transactions of these groups swell a black or submerged economy that some believe is equivalent to an extra 20 per cent of Gross Domestic Product.

Sig Visentini is proposing to assess the income of shopkeepers according to the value of goods they buy, on which already they pay Value Added Tax, by making an assumption about the profit margin they make when they sell it.

He also intends to restrict the practice whereby the income of a family business is distributed widely among the family members so that everybody's income remains in low tax brackets.

The Bill includes measures to tighten up the procedure whereby professionals record their income.

Opponents of the Bill, including many members of the Christian Democrat Party, the biggest in the Government, argue that if implemented many shops would have to close, a point strongly endorsed by the shopkeepers.

"The Visentini proposals would bring to its knees the submerged economy and black labour, which have up to now been the social shock-absorbers of the crisis," according to Senator Francesco d'Onofrio, the Christian Democrat responsible for the "middle and emerging" classes.

Sig Visentini, a trenchant 70-year-old who is chairman of the small Republican Party and formerly chairman of Olivetti, this week angrily rejected what he called "barricades of the submerged economy and tax evasion."

Shipyard protests hit Spain, Portugal

BY TOM BURNS IN MADRID AND DIANA SMITH IN LISBON

PROTEST demonstrations against the Spanish Government's plans to cut back the shipbuilding sector were staged in Bilbao yesterday. Workers built makeshift barricades and clashed with police who tried to keep traffic flowing.

The protests in Bilbao followed a night of severe rioting by shipyard workers in the town of Gijón.

The demonstrations have been taking place intermittently in the main shipbuilding centres ever since the Government announced in June its restructuring plans for the sector.

The programme will involve the loss of some 20,000 jobs—or about half the labour force—and the reduction of production by two-thirds.

The Communist-led trade union, Comisiones Obreras, has called for a national shipyard walk-out on October 30.

The strike call has been backed by the main Basque trade union ELA-STV and by the Imperical Galega, a major labour movement in Galicia. The strike is opposed by the Socialist trade union, the Unión General de Trabajadores (UGT).

The Gijón demonstrations were the most violent in recent years, according to local authorities.

A score of barricades were erected in the city centre, at least 12 cars were overturned and at one stage a group of protesters took refuge in a church from where they continued to hurl stones at riot police.

The police replied with rubber bullets and tear gas. Several protesters and policemen were hurt but no serious injuries were reported.

In recent weeks, protest demonstrations have occurred in Galicia, and in Cadix, in the south of Spain, and the Government is braced for further violence in the run-up to the October 30 strike call.

Spain's once blossoming shipbuilding sector has declined drastically since 1975.

In Portugal, workers at Lisnave, the country's main shipyard, are holding strikes and protest marches hoping to force management into paying several week's back wages.

Although the yard has more repair orders than last year, the average price to customers has been about 98 on beer, while average costs are about 112 an hour.

Lisnave is heavily overmanned. Labour overheads in slack periods have caused large losses. In 1983, Lisnave owed workers five months' back wages or benefits. This year, the average period owed has been about eight weeks.

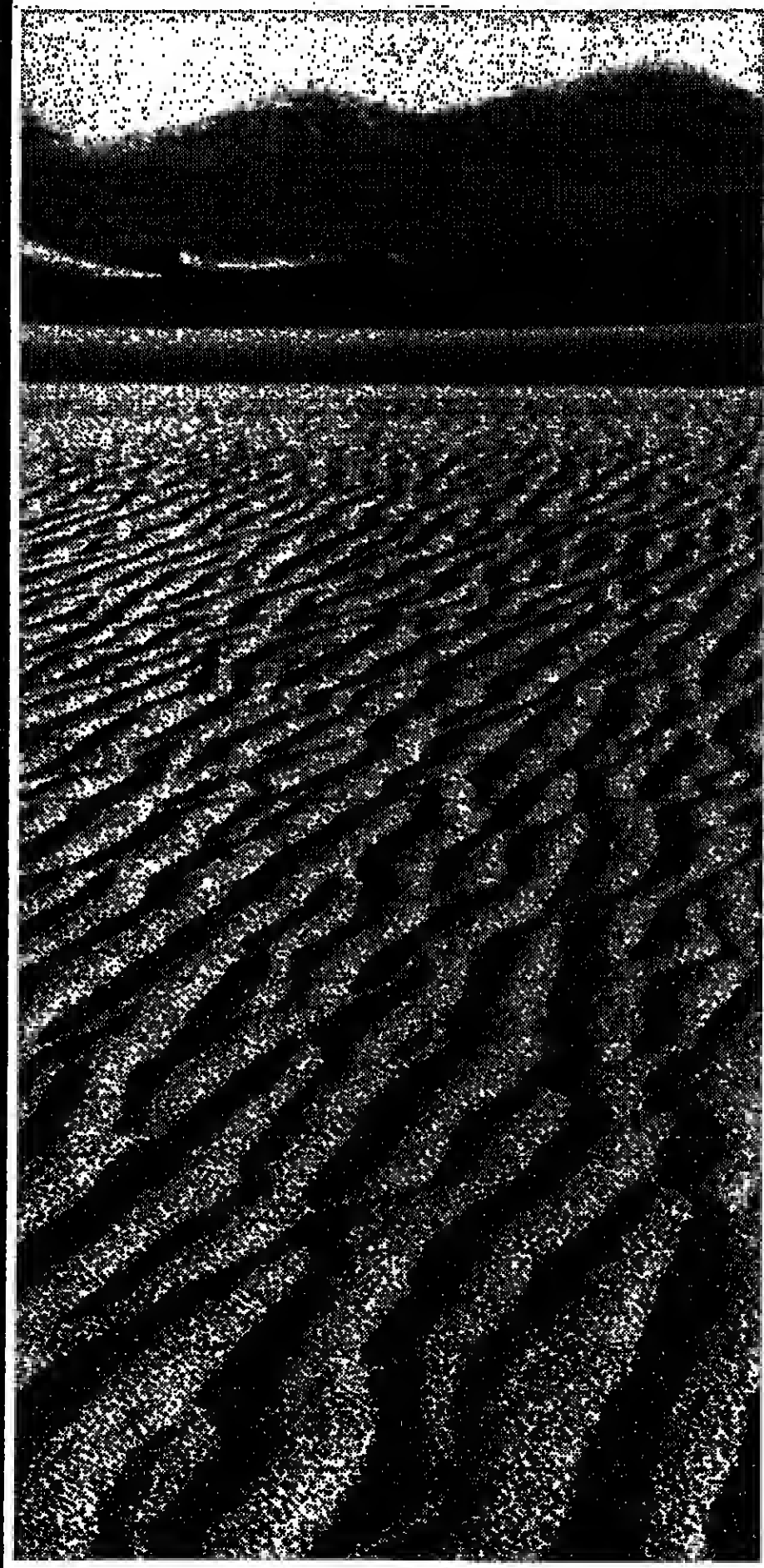
The yard now has government approval for drastic redundancies, cutting the payroll of 6,000 by 1,700-2,000.

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EUROPEAN NEWS

EEC Commission seeks decision on car pollution tests

BY PAUL CHEESEBRIGHT IN BRUSSELS

THE EUROPEAN Commission is pressing leaders of the Ten to make up their minds by the end of 1988 on a new series of vehicle emission standards that would bring the EEC into conformity with the U.S. and Japan by October 1985. The Commission had originally wanted a decision in 1983.

Its attempt to compress the timetable is clearly designed to head off the West German Government's decision to introduce stricter emission standards from 1989 to cut pollution. The Commission is also concerned to remove uncertainty about the future standards from the motor industry.

The move towards U.S. and Japanese standards started last July when the Commission introduced proposals for the introduction of lead-free petrol and for the imposition of stricter emission standards in two phases.

Yesterday, it suggested that the Council of Ministers should adopt not a single precise standard to come into effect in 1985 but a range, measured by the weight of pollutants in a test emission.

That range covers carbon monoxide, unburnt hydrocarbons and nitrogen oxide.

The proposal for a range reflects the fact that catalytic converters, the present technology for cleaning up vehicle exhausts, deteriorate in efficiency. The converters are used in the U.S. and Japan.

It is that technique that West Germany wants to adopt as the most rapid means available for cutting back pollutants which are linked with acid rain. But the desire of other nations, such as the U.K. to bypass converters and go straight to the development of the lean-burn engine is one reason why there is such a long lead time in the Commission proposal.

It is precisely such difficulties that have prevented the EEC Council of Ministers from reaching decisions on vehicle emission standards for the late 1980s and 1990s.

COMMISSION EXHAUST PROPOSALS (grams per test)

	Standard from 1988-91	1985
Carbon monoxide	45	10-35
Hydrocarbons	1.5	2.5-3.2
Nitrogen oxide	5	1.1-4

Reuter reports from Bonn: West German forestry officials are reporting an alarming increase in the rate of destruction of trees by "acid rain" and other airborne pollution.

According to recent figures, the area affected has more than quadrupled from the 8 per cent of the country's forests reported to be affected in 1982.

The most dramatic deterioration is in deciduous forests, where severe damage has been found in beech and oak trees.

Previously, the ailment appeared to be largely restricted to evergreens, which shed their needles about every 10 years and are, therefore, more vulnerable to pollutants.



Jaroslav Seifert.

Nobel Prize for dissident Czech poet

By David Brown in Stockholm and David Buchan in London

MR JAROSLAV SEIFERT, the 53-year-old dissident poet from Czechoslovakia, yesterday became the first writer from his country to win the Nobel Prize for Literature.

The news that he had won the SEK 1.65m (£150,000) award was broken to Mr Seifert in a Prague hospital by the Swedish ambassador. Mr Seifert, is undergoing treatment for a heart ailment. The ambassador described the poet as "overjoyed."

Official satisfaction in Prague at the award redounding to Czechoslovakia's cultural credit was made clear yesterday. The CTK news agency hailed Mr Seifert as a "national artist" and praised his work as showing "a distinctly positive attitude to man's struggle for social justice and consummation of life in peace."

Mr Seifert started his political life as a member of the Czech Communist Party, but broke with it in 1929 and became a social democrat. He achieved official favour only in the "Prague Spring" liberalisation of 1967-68, and, for a short time after the 1963 Soviet invasion, stood in as chairman of the Czechoslovak Writers Union until it was purged.

Mr Seifert has been able to live quietly in Prague despite his signing of the Charter 77 human rights manifesto. Since 1968 he has had little new work officially published in Czechoslovakia. But such is the popularity of his lyrical verse, praising the beauty of his native Prague, that some of his older works have recently been reprinted.

Nato to strengthen nuclear sites

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

NATO defence ministers meeting in northern Italy have approved measures intended to strengthen security at nuclear weapons sites against acts of terrorism or sabotage.

The ministers, meeting in the alliance's 14-member Nuclear Planning Group, approved measures undertaken on the recommendation of a senior Nato committee, the Weapons Protection Group.

These include new guard towers and sensing devices which have been or are being installed at U.S. nuclear storage sites across Europe. There are currently some 6,000 short-range nuclear weapons in Europe, although this total will

fall once Nato implements last year's decision to remove 1,400 of them.

European Nato officials stressed that the bases were safe but said that additional measures were always under consideration to deal with new threats such as the suicide truck bombings employed against foreign targets in the Lebanon.

At yesterday's session, Mr Caspar Weinberger, the U.S. Defence Secretary, gave his customary briefing on the East-West nuclear balance.

He did not apparently report any increase in the number of deployed medium-range SS20 Soviet missiles, from January's

total of 378. But he emphasised the advances Moscow had made recently in cruise missile engineering, nuclear bombs, and mobile long-range missiles.

At a private meeting, Mr Weinberger and his West German colleague, Herr Manfred Woerner, signed a deal substantially increasing funding for Nato's common infrastructure over the next six years. The deal has been under negotiation since June, when West Germany refused to increase its contribution to the amount required by the U.S.

It means the infrastructure fund will more than double, to \$7.98bn (£8.2bn) with the U.S. and West Germany contributing

just over half and other Nato governments the rest.

Reuter adds from Bonn: West Germany's anti-nuclear movement said yesterday that it plans a 210 km "human chain" as the high point of its autumn demonstrations against armament and unemployment.

The chain, consisting of 200,000 people, would be formed on October 20, connecting the Ruhr industrial city of Duisburg with Haselbacht, near Wiesbaden, a member of the movement's co-ordinating committee said. The chain would be part of a big demonstration in the Rhine area and simultaneous rallies in Hamburg and Stuttgart.

Conventional forces 'are steadily improving'

BY OUR DEFENCE CORRESPONDENT

NATO's conventional forces are steadily improving as new tanks and artillery and modern strike, air defence and airborne early-warning aircraft all enter service with the forces of the 16-member alliance.

However, the improvements, which include a new generation of tanks such as the U.S. Abrams M1 and the British Challenger, are on traditional lines.

Nato Governments will find it increasingly expensive to afford the next generation of advanced technology weapons.

The influential International Institute of Strategic Studies, one of the few independent organisations to assess with the military balance between East and West, note a similar trend in the conventional forces of the Soviet Union, if not of the "steady improvement" in the whole Warsaw Pact. Economic constraints are also at play in the East, it notes.

THE 16 M4 missiles on the fifth French nuclear-missile submarine, l'Inflexible, which will enter service next April, will carry six warheads according to M Charles Herron, the Defence Minister.

Since the missiles on the first four French submarines carry only one warhead each, the new boat will more than

double the total number of French SLEBM warheads. M Herron told the Defence Committee of the National Assembly that the oldest submarine still in service, the Tonnant, will also be fitted with M4 missiles by 1987, but with more miniaturised warheads and a range of 5,000 km.

The ISS judgment of Nato's improving conventional forces in part corrects the cataclysmic view, prevalent in Washington over the past four years, that Nato is continuing to fall behind the Warsaw Pact in virtually every area of its non-nuclear forces.

Though they are heavily qualified, the tables in this year's Military Balance show that in key categories—for example, ground forces now deployed in Europe or the total

number of divisions which could be deployed in war—the West is more nearly equal to the Warsaw Pact than U.S. or even Nato publications maintain.

These conclusions should bring some comfort to those who maintain that Nato must increase spending on conventional forces to raise the threshold at which the alliance would use nuclear weapons in the event of a Warsaw Pact attack by superior conventional forces.

However, the ISS figures note no change in the preponderance of Soviet heavy tanks and artillery—nor of the West's naval superiority.

Its analysis points clearly to increasing economic constraints as both sides endeavour to modernise their arsenals with advanced or emerging technologies.

The incorporation of advanced technology—by which Nato hopes to discount some of the Pact's conventional force superiority—could add between 4-8 per cent annually in real terms to the cost of defence procurement, ISS notes.

In contrast to improvements in the conventional field, the ISS sees little change in the nuclear balance between East and West.

The Military Balance 1984-85. The International Institute for Strategic Studies, London WC1. Price £8.75.

French consumer prices fall slower than hoped

BY DAVID HOUSEGO IN PARIS

FRENCH consumer prices rose by 0.5 per cent in September, confirming that the country's inflation rate is decreasing more slowly than the Government had hoped.

The September increase announced by the official statistics institute Insee brings the year-on-year rate down to 7.1 per cent from 9.3 per cent at the end of 1983.

It means that consumer prices have grown by a cumulative 5.4

per cent in the first nine months of the year.

The provisional French figures were announced on the same day that the Organisation for Economic Co-operation and Development published its latest figures for the increase in consumer prices in industrialised countries.

These show that prices rose by an average 0.3 per cent among the 24 member-states in August.

Security talks fail to achieve breakthrough

BY DAVID BROWN IN STOCKHOLM

THE 35-nation European Security Conference ends its third session today, having failed to achieve a breakthrough but with delegates holding out hope for progress when the forum reconvenes after the U.S. Presidential election in November.

The conference has been stalled by the disagreement between Nato and the Warsaw Pact states over the general mandate of the talks.

But it appears to be near agreement on the formation of working groups early in the next session to start concrete discussions on specific measures to improve European security.

"All the ingredients are here for a start up of real negotiations. The question is now whether all sides have the political will to proceed," said one delegate from Sweden, a member of the group of neutral and non-aligned states.

Mr James Goodby, Chief of the U.S. delegations said yesterday: "There has been a fairly clear-cut definition of the realm of possibilities." But he added: "No attempt has been made by the Soviet union to reach convergence with us on the large-scale political question."

In June, the U.S. indicated a willingness to discuss one of these political questions—a neutral and non-aligned nations. A potentially thorny proposal on Mediterranean security is expected from Malta in the next session.

Official proposals have now been tabled by the U.S., the Soviet Union, Romania, and the neutral and non-aligned nations. A potentially thorny proposal on Mediterranean security is expected from Malta in the next session.

Opening move by Bonn in pay talks

By Rupert Cornwell in Bonn

WITH AN offer of a 2.8 per cent pay rise, the Bonn Government yesterday made the opening move in what promises to be tough wage negotiations with West Germany's 2.3m public service employees.

The offer came on the first day of serious bargaining with the OETV public sector union, which is seeking a 5 per cent pay increase coupled with an extra 10 days' holiday per year.

The talks now under way in Stuttgart represent the last act of an unusually hard-fought pay round, which in the early summer produced a seven-week strike in the West German engineering industry.

OETV, like IG Metall, the engineering union, is setting its sights on a shorter working week. Frau Monika Wulf-Mathies last night flatly rejected the initial offer, insisting that any settlement would have to include some concession on hours as well as pay.

But Herr Friedrich Zimmermann, the Interior Minister and chief government negotiator, insisted that in a time of budgetary austerity, no money was available to finance a cut in hours or extra holidays.

With inflation now running at a 15 year-low of just 1.5 per cent, an offer of 2.8 per cent from next January 1 was "honourable," he declared.

The Government has claimed that to meet the full OETV claim would add 10 per cent to public sector wage costs. But the union, the second biggest in West Germany, has repeatedly threatened strike action of its own if it does not win some ground on the shorter week.

ETA linked with Frankfurt bomb

FRANKFURT - A bomb attack on offices of the French bank Credit Lyonnais is believed to be the work of supporters of the Basque separatist group ETA, justice officials in Frankfurt said.

A spokesman for the Public Prosecutor's Office said a detonator planted outside the building exploded early yesterday, damaging an office, but it failed to set off a petrol canister, which was blown clear. No one was injured.

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OVERSEAS NEWS

Singapore's Lee aims to retire in four years

BY CHRIS SHERWELL IN SINGAPORE

MR LEE KUAN YEW, Singapore's Prime Minister, aims to retire in four years' time but expects to stay in politics in a "less-active, executive role" possibly in the directly elected Presidency he has proposed.

Mr Lee, who is 61 and has led Singapore ever since it achieved self-rule from Britain 25 years ago, said in a television interview last night with foreign correspondents, his first on-the-record exchange with the overseas press in several years, that he would retire at 65.

He discussed the ruling People's Action Party's chances in the next election, which is expected soon, and his elder son's recent entry into politics. He also discussed at length his own vision of Singapore's political and economic future.

Among his most significant remarks, however, were those

on regional matters, and he expressed particular concern about the Reagan Administration's recent open comments on the possibility of a communist take-over in the Philippines.

This, Mr Lee said, was "significant and worrisome." "By the time they sound this alarm, the situation must be grave..."

Mr Lee also confirmed that some US\$3bn of the Philippines' total US\$26bn foreign debt had been channelled through Singapore. Local banks had been asked "to make provisions for the contingency which we hope will not arise."

On domestic matters, Mr Lee said he had not settled a date for the next election—widely expected in December, a year early—but promised that it would take place in the next four to five months. He acknowledged indirectly that his party might not repeat previous



Mr Lee: mood has changed among bankers

in other ministers, he declared. "I think it is a tribute to their objectivity and their willingness to incorporate the best, even if it is, or could be, a challenge to them."

On the accusation that he might be trying to create a dynasty, Mr Lee said flatly: "I don't need to seek fulfilment vicariously." He had reached a point in life, he said, where "I'd like my accounts to be closed with me, and the judgement made on what I have done."

The age of 65 was "a good target date" for retirement, he said. He supposed he would then do "something connected with politics but in a less active executive role."

On economic matters, Mr Lee said Singapore would shift into higher value-added industries and services, and should become a regional information centre. He doubted whether

the strong Singapore dollar and high wage costs were making the country less competitive.

Asked whether Singapore should not be liberalising as a financial centre rather than seeking stronger controls, he said international central bank regulators were "signalling to us, supervise." The mood had changed among bankers in favour of regulation since the international debt crisis, he insisted.

On regional security he said the Kampuchean issue would decide the balance of forces between communist and non-communist countries in South-East Asia. A Vietnamese withdrawal from Kampuchea, and re-installation of a government not beholden to Vietnam, China or the Soviet Union, would mean a period of relative stability. Otherwise, "enormous problems arise."

Australia's balance of payments in deficit

AUSTRALIA'S overall balance of payments as measured by net official monetary movements swung into a \$302m (200m) deficit in September from a \$245m surplus in August, the Statistics Bureau said, Reuter reports from Canberra. This compares with a deficit of \$254m a year earlier.

The deficit reflects a swing to a \$57m net apparent capital outflow from a \$122m inflow in August which more than offset a drop in the current account deficit to \$245m from \$280m. Australia's seasonally adjusted unemployment rate fell to 8.5 per cent in September from 8.9 per cent in August and 10.4 per cent a year earlier, the Statistics Bureau said.

Mubarak, Hussein agree joint strategy over Palestine issue

EGYPT'S President Hosni Mubarak returned from a three-day state visit to Jordan today and said he and King Hussein had agreed on a joint strategy to solve the Palestinian issue, Reuter reports from Cairo.

He told reporters at the airport: "We are in agreement concerning the strategy to settle the Palestinian problem."

He said, however, the restoration of relations between Cairo and Amman on September 25 did not necessarily mean Jordan would join the U.S.-sponsored Camp David peace process, which calls for negotiations with Israel on Palestinian self-rule in the West Bank and Gaza Strip.

"We are not asking anyone to recognise Camp David. This issue belongs to us," he said.

The 1978 Camp David accord led Egypt the following year to become the first Arab state to sign a peace treaty with Israel. Most Arab states extricated Egypt as a result, and Jordan has been bitterly attacked by Syria and Libya for re-establishing ties last month.

Asked if his talks in Jordan would result in a revival of President Reagan's 1982 peace plan, he said: "Egypt has expressed its reservations towards it... Peace is our strategic goal. We will explore

all possibilities to solve the Palestinian problem."

The Reagan plan calls for Palestinian self-rule on Israeli-held Arab land in association with Jordan.

Mr Mubarak dismissed reports that Egypt and Jordan had discussed a union.

Asked if he might visit Iraq, he replied: "Why not? There are permanent contacts between us and Iraq, so what's the problem?"

Diplomats in Amman speculated that Iraq, with which both Egypt and Jordan have close ties, might be the next Arab country to restore diplomatic links with Cairo.

Mr Esmat Abdel Maguid, Egypt's Foreign Minister, who accompanied Mr Mubarak to Amman, told reporters that Jordan had approved the nomination of Mr Ihab Wahba as the first Egyptian ambassador to Jordan since the 1979 break.

Tony Walker writes from Amman: King Hussein was less forthcoming on the talks. After bidding farewell to the Egyptian leader, King Hussein said, without elaboration, that "Egypt is as concerned about the rights of the Palestinian people as we are." He insisted that the Palestinian question was not the "main purpose" of the talks.

Poison sweet gangsters mock Japan's police

BY ROBERT COTTELL IN TOKYO

THE Yomiuri Shinbun, Japan's largest-selling newspaper, calls it "an unprecedented, vicious crime in the history of crimes against Japan." The criminals themselves call it "treasure hunting."

Products of a large Japanese confectioner, Moringa and Company, are being systematically poisoned with cyanide in a campaign of extortion which threatens not only the company and its customers, but also the credibility of Japan's police force.

The campaign against Moringa began on September 12, with the arrival of a letter demanding ¥100m (£380,000), signed by "the Man with 21 faces," a name borrowed from a Japanese comic book villain. Instead of paying up, the company contacted the police.

On Monday this week, newspaper offices in Osaka received letters saying that Moringa

sweets on display in shops would be selectively spiked with sodium cyanide. By Wednesday, police had found 11 spiked sweets, which had been helpfully labelled "danger—eat this and you die—poison."

Many shops began removing Moringa products from display on Monday.

Yesterday, police said 10 major retail chains had received letters saying that, unless they removed Moringa products, other goods on their shelves would also be poisoned. "We are out to destroy Moringa because it is against us," said the letters. "We have many sweets laced with sodium cyanide. We have 50 of them and it is going to be like treasure hunting."

Though police do not know the identity of the Man with 21 Faces—*kajin niyuchi menso* in Japanese—they are now familiar with his habits.

Between March and June this year, the same gang undertook a similar campaign of harassment against Esaki Glico, another big Japanese confectionery company.

First, the gang kidnapped Glico's president, naked, from his bath. He escaped unhurt. Two factory buildings were burnt down. In May, the gang announced its poisoning campaign against Glico, spiking its sweets with cyanide. Glico is known to have tried to pay the gang ¥50m. Police failed the pick-up, but failed to catch the criminals.

On June 26, for no acknowledged reason, the campaign against Glico stopped. In a letter to newspapers, the gang said it was "bored," and planned to take a holiday.

The Glico campaign baffled the police an double alike. The amount demanded by the extortionists varied. It started

at ¥1m and 100 kilograms of gold; dropped to ¥80m; and apparently rose again later in ¥30m.

Speculation abounded that the extortionists might be in possession of information personally embarrassing to Glico executives. Police questioned current and former employees for traces of workforce bitterness.

The indicators point to a group which has considerable resources, at least in terms of organised manpower; wants large sums of money; and enjoys humiliating the police.

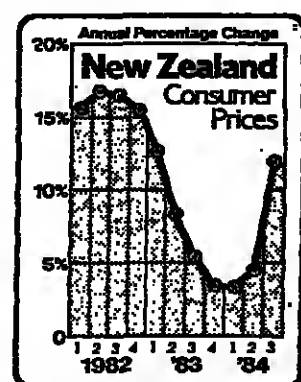
In Monday's letter, the extortionists said senior police chiefs should resign if they failed to crack the case. Earlier letters referred to "poor stupid policemen."

Some analysts suggest that the blackmailers may be a radical fringe political group. Police are still seeking another

group, believed to be a radical political faction, which bombed the Tokyo headquarters of the ruling Liberal Democratic Party last month.

Police have set up an open telephone line on which members of the public can listen to recordings of two blackmailing calls made to Moringa in recent days. The callers' voices are those of a woman and a child.

One shop in which a poisoned morning sweet was found this week happened to have surveillance cameras monitoring its shelves. Police are now examining the videotape, said to be of poor quality. They will be trying hard to pin down at least one of the 21 faces which mock them. As the Yomiuri concluded in its editorial, "we do not remember a case in which the police made such fools of themselves."



New Zealand's inflation rate jumped by 3 percentage points to an annual rate of 12 per cent after the New Zealand dollar was devalued by 20 per cent in July, the Government announced yesterday, AP reports from Wellington.

The Government Statistics Office said the inflation rate rose to 12 per cent during the quarter from July to September. It was the biggest quarterly rise in two years, the office said.

Car bomb found

Police said the Lebanese army thwarted a massive car bombing in Beirut yesterday shortly after Prime Minister Rashid Karami offered a public apology to Spain over the four-hour abduction of its ambassador to Lebanon, AP reports.

Gulf ship toll up

The death toll from an Iraqi air attack on a Hong Kong-owned tanker in the Gulf has risen to nine with the deaths of two Hong Kong seamen in Hehran hospital, the ship's owner said yesterday, Reuter reports from Hong Kong.

The latest victims, both Chinese, died yesterday from injuries received when the 114,573-ton World Knight was hit on Monday in the Gulf.

Chad withdrawal

The Chad Government has announced that it has agreed that the withdrawal of French and Libyan forces from its country can be supervised by joint observer units from those countries, AP reports from N'Djamena.

Mozambique peace talks adjourned in S. Africa

BY ANTHONY ROBINSON IN JOHANNESBURG

FOUR DAYS of talks between the Mozambique Government and rebel forces ended in Pretoria yesterday with reports of "progress" towards implementation of a ceasefire. Negotiations will resume next week.

The talks, which also included South African representatives, took place inside the tripartite commission set up under the terms of the Pretoria declaration of October 3 to work out terms for a ceasefire in the civil war which has afflicted Mozambique for the last eight years. They were originally scheduled to last only three days.

The trilateral talks had been chaired by Mr Louis Nel, South Africa's deputy minister of foreign affairs aided by representatives of the President's Council and the South African Defence Department.

After the first round of talks on Monday, Mr Evo Fernandes, the MVR secretary-general, said the talks had taken place in "a warm and positive manner" and said that agreement could be reached "much sooner than expected" if the talks continued in the same vein. Since then no other statement on the course of the talks has been made by the participants.

Meanwhile, the Swaziland railways announced yesterday that rail traffic between Swaziland and Maputo, the Mozambique capital, interrupted by saboteurs last month, has been reopened following repairs.

Mortgage rates hit 25%


BY OUR JOHANNESBURG CORRESPONDENT

BARCLAYS BANK SA has announced a sharp rise to 25 per cent in its mortgage rate for new borrowers in a move which is expected to choke off new borrowers in a move which is expected to choke off new mortgage demand and could mark a psychological turning point in the South African housing market. Rates for existing mortgage holders remain unchanged at 20 per cent for borrowers up to Rand 40,000 (£18,870) and 20.75 per cent for larger borrowers.

The latest move partly reflects the high cost of financing activity and the general downturn in the economy which led to rising bankruptcies in industry.

not to increase the bank's mortgage lending beyond the Rand 1.5bn now committed. Demand for home loans has continued at a surprisingly strong level despite higher rates and economic uncertainties but building societies have found it increasingly difficult to raise funds. Barclays' decision coincides with publication of a pessimistic report on building industry prospects from Stellenbosch University Bureau for Economic Research. It warns that rising builders' costs, a decline in overall building activity and the general downturn in the economy will lead to rising bankruptcies in industry.

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President

This announcement appears as a matter of record only.

AMERICAN NEWS

Moscow accused of arms control violations

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has expressed serious and continuing concern over the Soviet Union's failure to comply with past arms control obligations and commitments, stating that compliance is fundamental to the arms control process.

Congress keeps ban on aid to 'contras'

BY NANCY DUNNE IN WASHINGTON

CONGRESS yesterday approved a \$570m (£308m) catchall spending Bill as weary Congressmen packed their bags and prepared to head for home.

Duarte rules out power sharing with guerillas

BY DAVID GARDNER IN MEXICO CITY

EL SALVADOR'S President, Sr Jose Napoleon Duarte, stressed yesterday that the solution to his country's four-year-old civil war would be found on a "national basis" without recourse to his decision to open talks with Left-wing rebels on Montserrat.

Democrats cross their fingers for the George and Gerry show

THE DEMOCRATIC Party was yesterday counting on Ms Geraldine Ferraro to maintain the new campaign momentum generated by Mr Walter Mondale, her presidential running mate, in his successful televised debate with President Ronald Reagan on Sunday.

White House, however, took some comfort from another poll finding, in which 53 per cent said that the debate would have no influence on how they voted on November 6.

Some parents believe that "growing up with the bomb" has imbued their children with a hard-nosed kind of materialism — often combined with almost spiritualistic attachment to traditional values.

Pied Piper Reagan pulls in the votes as America's youth turns right

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IT IS ironic that President Ronald Reagan's age has surfaced as an election issue at a time when many Americans have just started puzzling over what strikes them as a much stranger generational phenomenon.

Today's 18-year-olds do not remember Vietnam at even Watergate. For them, Mr Reagan is the first successful leader, the first real authority figure, they have known.



Harvard Business School since the 1930s a significant electoral group (the 18- to 24-year-olds) that is Republican in greater overall numbers than Democrat.

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Rand Mines Group — gold & coal the mainstays of Barlows' mining division

Dammy Watt, chairman of Rand Mines, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of Johannesburg.



Mr Dammy Watt

Rolfe: As the mining arm of Barlows, how important are you in the context of the whole group? Watt: We rank immediately after the C G Smith group, with some 20% of group after tax profits attributable to Barlow Rand.

Watt: The gold price is as low as it is simply because of the strength of the dollar. It has been my view for some time that we would see a weak gold price for the remainder of this year, certainly until after the American presidential elections.

But ERPM's programme is pressing and we have thus had to start a shaft-sinking contract, Durban Deep's position is not quite so critical — it has a fairly substantial block of ore which is accessible from present shafts and workings on the western side of the mine.

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WORLD TRADE NEWS

Microchip venture for Philips and Siemens

By Guy de Jonquieres

PHILIPS OF the Netherlands plans to set up a new research centre at its Eindhoven headquarters as part of its joint project with West Germany's Siemens to develop a new generation of microchips.

Confirming details of the project yesterday, Philips said the two companies would together invest more than £1.5bn (\$2.5bn) in it over the next five years. The total investment could eventually amount to several billion guilders.

Philips said the West German Research and Technology Ministry had agreed to contribute DM 300m (\$86m) to the first phase of the project and the Dutch Economic Affairs Ministry FI 200m.

The plan, known as the Mega Project, offered Europe a unique opportunity to achieve leadership in the world microelectronics industry and to meet increasing Far East competition, Philips said.

Though Philips and Siemens will collaborate closely in research and development, they will make their chips separately. Production is expected to start in 1989 and will consist of very powerful memory chips, each able to store more than 1m pieces of data.

The project will be managed by Mr W. C. Gelling of Philips and Dr E. Friedrich of Siemens and will be supervised by a board to which each company will appoint three representatives. The West German and Dutch governments will also name representatives.

Austria to tighten export controls

BY PATRICK BLUM IN VIENNA

AUSTRIA is to tighten controls on exports of sensitive technology in response to mounting pressure and dissatisfaction from the U.S. about technology transfer to the Comecon nations.

Dr Norbert Steger, the Austrian Vice-Chancellor and Minister for Trade and Industry said on Wednesday night that Austria would make changes to its foreign trade law and draw up a list of sensitive goods which would require a special export licence, as well as introduce sanctions against violations.

Dr Steger stressed that this was an "autonomous Austrian decision" to the problem of technology transfer. This represents a considerable shift in the position of Austria, which has until now strongly resisted U.S. pressure to tighten controls.

The U.S. administration had

become increasingly impatient with the Austrian's apparent lack of enthusiasm to take firmer action against technology transfer to the East bloc. U.S. officials have on several occasions expressed concern that lack of controls in Austria allowed sensitive equipment to be diverted to Comecon with impunity.

Dr Steger did not say what the list would include but rejected the approach of Switzerland, which he suggested adhered too closely to the rules established by the Paris-based Co-ordinating Committee (CoCom) which monitors and controls technology transfer to the East bloc, or of Sweden, which allows close collaboration between U.S. and Swedish officials.

"These two solutions would not be appropriate for Austria," he said.

Dr Steger said his ministry was now working on draft proposals which would be put to parliament before the end of the year. These are expected to meet U.S. demands for guarantees safeguarding sensitive U.S.-made products, but may also include controls over Austrian exports of products which include U.S. know-how.

The announcement is likely to embarrass the Government, which has sought to conduct discussions on this subject with the minimum of publicity. Government officials were clearly irritated by Dr Steger's remarks and sought to play them down yesterday.

Austrian officials have repeatedly stressed that Austria could not adopt CoCom rules—Austria is not a member of CoCom—because of its status as a neutral country with friendly

relations both East and West. Austria's reluctance to comply with U.S. demands have reflected its unwillingness to be drawn too closely into the political conflict between East and West or to seem to side openly with either major power bloc.

There have been several rounds of discussion with U.S. officials on the subject, and less publicly with the Soviets, to explain Austria's position. In Moscow yesterday, however, the Moscow daily, accused the U.S. of gross interference in Austria's affairs.

Austrian officials are adamant that the country cannot and will not accept CoCom rules or take up its list of proscribed products, but Dr Steger's comments suggest that they are much closer to CoCom thinking than had previously been expected.

Greek trade agreement with Libya challenged

By Andriana Ierodiakonou in Athens

A POLITICAL row broke out yesterday between the Greek Socialist Government and the Conservative opposition after the latter challenged the Government at the European parliament to reveal details of a recently signed \$1bn (\$833m) trade agreement with Libya.

The Conservatives have from the start disputed not only the contents but the actual existence of the agreement, the signing of which was announced on September 24 at the end of an official visit to Tripoli by Mr Andreas Papandreu, the Greek Prime Minister. Similar doubts have been voiced by Greek businessmen.

A government spokesman accused Mr Ioannis Bontos, the leader of the Greek Conservative Euro Parliamentary group who tabled a question on the Greek Libyan agreement, of committing "an unethical provocation against the country of a kind which no other European deputy has ever considered."

The spokesman said the full text of the agreement would be submitted for approval to the Greek parliament within the one month deadline required by law.

According to official announcements the agreement would alter the agreement which will involve the sale of 3m tonnes of Libyan oil to Greece as well as the undertaking by Greek construction firms of major infrastructure projects in Libya. The deal will give Libya a further market for its oil, and the Libyans would, in turn, get an unspecified range of Greek products, which could include arms and access to Greek technologies known to the manufacturing sector.

It is understood that the agreement also involved the deposit of several hundred million U.S. dollars by Tripoli in Greek banks.

Nigeria to inspect goods at source

By Fatti Walmer

NIGERIA HAS decided to send government officials to inspect the country's imports prior to shipment, in an attempt to avoid trade disruption following the dismissal 10 days ago of SGS, Nigeria's sole agents for pre-shipment inspection.

Britain's exports to Nigeria, by far its largest export market in black Africa, have shown a trickle since the Lagos authorities announced that inspection would be carried out at destination until November 10.

Although a small number of exporters say they are now prepared to risk sending low-value test shipments of some essential commodities such as cooking oil and low-cost medical supplies to Lagos for destination inspection, the majority are unwilling to commit goods worth in some cases millions of pounds with insufficient guarantees of payment at the other end.

Inspection by Nigerian officials in the exporting country could remove some risks by eliminating the possibility that exporters may be forced to cut prices or see goods refused outright on arrival.

But businessmen in Lagos said they doubted that teams could be trained and despatched in time to free the flow of blocked imports quickly.

EEC increases Portuguese textile quotas

By Diana Smith in Lisbon

PORTUGAL has negotiated increased textile export quotas with the European Economic Community for 1984.

The deal will permit an increase of 40 per cent in value and 10 per cent in volume. The EEC takes more than 70 per cent of Portugal's annual textile exports of about \$500m (\$416.6m). The UK, France and West Germany absorb over 60 per cent of all textile exports.

In 1983 Portugal exported 56,821 tonnes of textiles to the UK at a value of Esc 36bn (£180m). In the first seven months of 1984, Britain imported \$5,741 tonnes of Portuguese textiles at a value of Esc 29bn (£145m).

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Ericsson deal for Guatemala

By David Brown in Stockholm

ERICSSON, the Swedish telecommunications and electronics group, yesterday announced orders worth a total of \$22m.

The largest is a \$20m order from Guatemala, the Guatemalan telecommunications authority, for digital telephone switching equipment.

The order (which includes digital exchanges, an automatic operations centre, transmission and radio equipment) is to be produced in Italy by Patzco, an Ericsson subsidiary. It was won against competition from ITC, Siemens, CIT-Alcatel, Nippon Electric and Italtel. It involves some 78,000 lines for Guatemala City.

A similarly sized order was recently placed with Italtel to provide lines for rural Guatemala.

Fuji subsidiary opens Netherlands factory

BY PETER SPINKS IN AMSTERDAM

FUJI PHOTOFILM, a Dutch subsidiary of the Fuji photographic materials company of Japan, opened a FI 250m (\$72m) factory in Tilburg this week, becoming the first large Japanese manufacturer to establish a plant in the Netherlands. It is the first Fuji factory to open outside Japan.

The factory, on which construction began in March last year, will initially produce photographic colour paper for distribution throughout Europe, Africa and the Middle East. It is expected to manufacture eventually a much wider range of photo-sensitive materials when additional production facilities, currently under construction at the 21-hectare site, have been completed.

The company has 60 employees, and another 250 jobs are expected

when full operation starts next summer.

For the first five months of this year, the Netherlands imported more vehicles, ships and other electronic goods worth FI 1.9bn from Japan, compared with FI 1.6bn for the same period in 1983. Dutch exports to Japan for this year's first half totalled FI 495m compared with FI 374m last year, and included mainly agricultural products, chemicals and machinery.

The increase in trade between the two countries is partly attributed to the fact that the Netherlands Ministry of Economic Affairs, along with the municipalities of Amsterdam and Rotterdam, have been conducting an export drive this year which is aimed at promoting Dutch products in Japan.

French arms sales rise

By Our Paris Staff

ARMS SALES by France rose dramatically during the first half of 1984 after falling over the previous two years.

According to the French Ministry of Defence, France recorded fresh equipment orders for FF 40.4bn (\$3.5bn) during the six months period. This compares with total sales of FF 28.1bn in 1983, FF 35bn in 1982 and FF 37.5bn in 1981.

The bulk of the new orders is accounted for by the giant contract won from Saudi Arabia earlier in the year for a new low altitude aerial defence system. At the time the value of this contract won by Thomson CSF, the defence and communications subsidiary of the Thomson group, was put at about FF 35bn. Thomson will be subcontracting part of the work to Matra, the electronics group.

Car industry 'must' learn to co-operate'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE West European motor industry could find itself facing the combined might of the U.S. and Japan as a mass of co-operative links—leading to exchanges of technology and shared product development—develops between the American and Japanese industries.

This warning was given yesterday by Mr Garel Rhys, senior lecturer in economics at University College Cardiff, and adviser to the UK House of Commons select committee on trade and industry.

Mr Rhys insisted that the European car producers must become involved in more joint manufacturing ventures—both vehicles and components—to match the economies of scale enjoyed by the major Japanese and U.S. companies.

He said new technologies available to the industry did not alter the stark economic fact that bigger producers still had a considerable advantage over smaller car companies. A robotised car assembly plant of about 300,000 a year; an engine plant was most economic at 600,000 a year and the cost of research and development for a vehicle to sell at the rate of 1m annually was not much more than for one which would sell at a 100,000 rate.

The extra flexibility the new production processes allowed the industry would permit the major manufacturers to fill more of the niches in the market on which the small producers relied for survival.

Mr Rhys, who was speaking at a meeting organised by the Haverley car leasing and fleet management company during the run-up to the Birmingham Motor Show, pointed out that a recent co-operative venture between Fiat of Italy and Saab of Sweden involved only six shared components because neither partner was willing to give up jobs to the other.

But Europe must face up to the fact that the motor industry urgently needed to reduce production capacity—which involved closures and job losses.

Mr Rhys maintained that Europe had about half of the world's excess car manufacturing capacity of 5m vehicles. The six leading producers in Europe all had about 42 per cent of the market and were fighting not to fall behind. "Because history tells them that once this happens they will possibly never get back."

As a result, the European industry was embroiled in a price war the like of which had not been seen since the depression of the 1920s. The price battle and the low profitability it entailed was likely to last for many years and be exacerbated by "new actors on the stage" such as Nissan, which was now setting up in Europe. Yet the industry needed a vast sum for new products and manufacturing processes.

The market price of cars in Europe was below the cost of production and "in economics that means companies leave the industry."

However, no European government would look with equanimity at the disappearance of a major manufacturer and would therefore give overt or covert subsidies. The multinational companies also, for various reasons, subsidised their loss-makers. Mr Rhys pointed out that two companies in Britain, Vauxhall and Talbot (now owned by Peugeot but formerly part of Chrysler), had not produced a profit for 20 years but had been kept alive by "American sugar daddies."

Support by governments and the multinationals had simply added to the over-capacity in Europe.

Mr Rhys suggested that mergers between ailing companies would not be the answer: "For one, it would be rescue by the Titanic; the other would be taken aboard the Lusitania."

What was required were co-operative ventures, which involved rationalisation and reduction of capacity.

Hungary trade surplus 'smaller than expected'

BY LESLIE COLLITT IN BERLIN

HUNGARY'S hard currency trade surplus was smaller than expected to the end of August, according to Mr Peter Veress, the Foreign Trade Minister. He said this meant that an additional \$200m (£166.6m) to \$250m in goods will have to be exported by the end of December in order to meet the target of a \$700m to \$800m surplus for this year.

Mr Veress told the government newspaper Magyar Hirlap that if export performance is not adequate the external and internal balance of the economy could be disrupted.

Overall imports rose 8.1 per cent from January to August, while exports increased by 10.4 per cent. Mr Veress said the country also aimed to reduce its rouble trade deficit this year.

The main Communist party newspaper Nepszabadsag noted that imports by Western industrial countries are likely to grow by 4 to 5 per cent annually. Hungary, however, would have to boost its exports to the West by a greater amount in order to finance imports and service its debt.

The newspaper said the fact that the economies of North America and the Pacific Basin were developing most dynamically had implications for Hungarian hard currency exports, which traditionally go to Western Europe where growth is slowest.

A record 2.4m Western tourists visited Hungary in the first eight months of the year, up 19 per cent.

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How Taylor Woodrow built a worldwide reputation



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LONDON International House, part of the Taylor Woodrow development of the World Trade Centre at St. Katharine-by-the-Tower - London's first private investment in urban renewal.

U.S.A. Windrush Bourne, a condominium project at The Meadows, Sarasota, Florida, a 4,000 home resort community being developed by Taylor Woodrow Homes Limited.

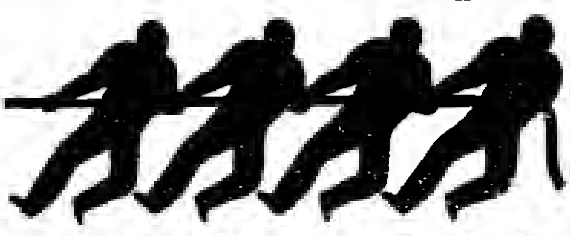
LANCASHIRE Main civil works for Heysham Phase 2 Nuclear Power Station for the Central Electricity Generating Board. Consulting Engineers: Nuclear Design Associates for National Nuclear Corporation. Quantity Surveyors: E C Harris and Partners.

NORTH SEA Project Management Services for the Thistle 'A' oil platform. Client: BIOC.

MALAYSIA 156 bedroom hotel and shopping complex adjacent to Terminal 1 of Kuala Lumpur's Subang International Airport. Client: Kumpulan Firma Berhad. Architects: Akitek Kesatuan in association with Kume Architect-Engineer of Tokyo. Project Managers: Urus Eina. Consulting Engineers: Thir Wong Sdn Bhd. Quantity Surveyors: Juru Ukur Bahan Malaysia.

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If you would like to know more about our operations overseas, please contact Don Venus on 01-997 6641, and for the UK contact Ted Page on 01-575 4354.

THE MANAGEMENT PAGE

'Customers need to be kept happy'



Today's article, by Guy de Jonquieres is the third in this series. Previous articles appeared on October 8 and 10; the next is on October 15.

HISTORICALLY, most business in Britain have faced a frustratingly simple choice when it came to telecommunications service. They could take it or leave it. Or, as often as not, they could wait for it.

But in the past couple of years, companies have started to find that dealing with British Telecom is less like the familiar 100 yard dash through treacle. At last, the organisation is starting to sit up and take notice.

Its performance is still regarded by most business customers as far from perfect. "But there's no doubt that BT's general attitude has changed," says Ron Bell, telecommunications development manager of the Imperial Group. "They've accepted that customers need to be kept happy."

The most marked improvement has been in sales and marketing, where BT's aggressiveness has upset its rivals, (see inset). Some delivery delays have been cut, too. "Previously, we had to order private circuits long before the equipment to bang on them," says Rodney Smith, telecommunications manager at Cadbury Schweppes. "Now it's the other way round."

Since its monopoly was ended, commercial self-interest has dictated a fresh approach by BT to the 2.3m business installations it serves. Though vastly outnumbered by its 16m residential locations, they provide much more revenue because they are the main users of long-distance and international services, on which BT makes most of its profits.

About three-quarters of its trunk revenues are generated by businesses and almost a fifth by its 300 largest customers, which together account for only 0.6 per cent of business installations. "The narrowness of our revenue base has driven home to us how vulnerable we are to competition," admits Ron Back, managing director of National Networks, the BT division responsible for trunk services.

That competition has yet to emerge in much more than name. Mercury, the only other licensed common carrier, has few customers so far and its planned UK network is not due to be completed until next year. But as long as two years ago, BT began striking back at its embryonic rival by cutting tariffs on its most profitable long-distance and international routes.

BT has other motives, too. It is out to capture a bigger share of international traffic by persuading more large companies throughout Europe to make the UK the centre of their telecommunications networks and to route their transatlantic calls through London.

The next few years are expected to see an explosion of computer communications in business, with the number of data terminals in Britain growing from 1m to 7.5m by 1994. BT aims to cash in not only by transmitting traffic between them but also by offering a wide range of "value added" services such as electronic billing and funds transfer systems to business customers.

The quest for profit is



already bringing a much more hardheaded approach to investment policy. In the past, network modernisation was undertaken all of a piece. "But nowadays we look much more at where our customers are, who will use the network most, who will gain most and pay most for the services it can offer," says Back.

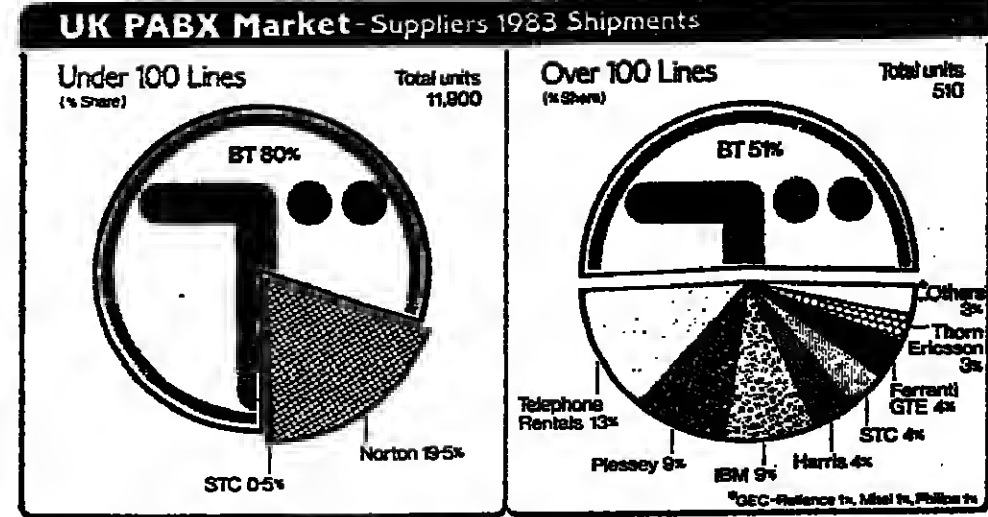
BT still faces a major task, nonetheless, in modernising its basic public network. Progress so far has been somewhat uneven. High-capacity optical fibre transmission cables are fast replacing copper wire on major trunk routes. But few System X digital exchanges are yet in service. Last year, System X purchases amounted to a mere £30m, while £546m was spent on exchanges using older technology.

The installation rate should rise rapidly from now on, however. BT expects the trunk

network to be fully digital by 1988 and aims to have 10m subscribers linked directly to digital local exchanges by 1990.

Meanwhile, it is spending £80m to expand its public data service and—more controversially—plans a separate computer network jointly with IBM. An array of specialised business services, including high-speed private data circuits, satellite links and video-conference facilities has also been launched in the past two years.

Behind the scenes, an ambitious programme costing more than £100m is under way to computerise BT's customer service systems. The aim is to provide personnel in all areas with 1990 with desktop terminals to give instantaneous access to complete sets of customer records stored on central computers.



NOT LONG ago, British Telecom's Liverpool area almost pulled off a deal which would have earned it a niche in the industry folklore: it came within a hair of selling the Plessey factory a private branch exchange (PBX) manufactured at another Plessey plant.

At the last hurdle, Plessey had second thoughts and decided to buy direct. But the incident is a piquant example of the aggressive tactics which BT is using to keep—and expand—its share of subscriber apparatus markets.

"BT has reacted very fast to liberalisation," says Chris James, managing director of Belliance Systems, GEC's distribution arm. "It came as a shock to us, and out a very pleasant shock."

The impact has been most striking in the market for large PABXs with more than 100 exchange lines. BT did

not supply such products until two years ago but since then has captured about half of all sales, according to Pactal, the market research and consultancy firm. "BT has really gone in with a vengeance," says Annette-Nabavi of Pactal. The large PABXs which BT sells are made by GEC and Plessey and are almost identical to the products which the two companies sell under their own names. Both companies and Telephone Rentals, which also sells Plessey exchanges, say that matching BT's prices has been a struggle.

GEC-Belliance, whose large PABX sales fell by more than half last year, says it has lost a lot of business because BT was competing at prices "which weren't commercially sensible." Plessey Office Systems says it has increased its own direct sales over the past year, but only at the cost of slashing margins.

BT's new licence prohibits it from cross-subsidising equipment sales out of its public network revenues. However, the rocky financial relationship between the two sides of the business will not have to be split out until 1987, the date by which it will be required to draw up separate accounts for its equipment supply business.

John King, BT's board member for marketing and corporate strategy, says that thorough investigation into all complaints about its sales practices has uncovered evidence of cross-subsidisation.

A truce in the price war may be on the way. BT raised its prices by up to 25 per cent last summer and says it is now being undercut by some of its rivals. It is also working with OfTel, code of practice for its equipment sales.

BT has appointed Major Account Managers (MAMs) to each of its 150 largest business subscribers and National Account Executives to the next tier of companies. Their function is to act as on-the-spot representatives who co-ordinate a customer's telecommunications requirements across the country.

However, some large customers complain that service is often still erratic and that organisational upheavals within BT make it hard for MAMs to marshal the support they need. "Most MAMs try to do their best," says Don Newell, the TI Group's telecommunications specialist. "But I don't think people in BT know who in their organisation to talk to nowadays."

Smith of Cadbury Schweppes is unhappy about regional variations in service. "In Birmingham, where we are a big

BT customer, their general manager is happy to sit down and talk to me. But in Newton Abbot, in Devon, where we have a soft drinks depot, we have to wait our turn. We may be a major BT account nationally, but we're not treated as a major account in Devon."

John King, BT's board member for marketing and corporate strategy, admits that it is still an open question whether customer relations should be organised on a geographic basis or by category of business. But he believes that over time, BT will move increasingly towards specialisation.

Perhaps BT's toughest challenge of all, however, is to bring about what amounts to a cultural change by teaching its staff to substitute commercial imperatives for civil service

values. Senior management is widely credited with recognising what needs to be done. But judging by customers' reactions, the lesson has still to reach the grass roots.

"On the marketing side, the calibre of their people is improving, they've got some good new products and their staff are trying to understand my business," says John Kelley, telecommunications director of Grand Metropolitan Information Services and chairman of the Telecommunications Managers' Association.

"But consistently across the country our members are having a similar problem. BT are still responding too often as a nationalised utility. They don't yet have that 'money response' which says you simply must meet your contracts."

The French company abroad

FRANCE may have its multinational companies, but its industry is nonetheless still far less multinational than those of other major OECD countries. It accounted, for example, for only 4 per cent of foreign investment in the U.S. in 1979, against 7 per cent for Japan, 10 per cent for West Germany and 18 per cent for Britain.

By another yardstick, 1978 figures show production abroad by French companies to be equivalent to 7 per cent of GNP, compared with 16 per cent for the U.S. and 27 per cent for Britain—although West Germany's figure was only 9 per cent.

Nevertheless, as a book* just published on French multinationals points out, major French companies have maintained a high level of investment abroad in the last 10 years as investment in France has stagnated out. Most of this came from already established French multinationals such as BSN, Saint Gobain, Rhone-Poulenc and Lafarge Copee, and most of it went towards the U.S.

The author, Julien Savary, has based his book on a study of 418 leading French companies. In all, these had set up an additional 249 production subsidiaries abroad between 1974 and 1977 (an increase of 27 per cent) and a further 131 affiliates (up 18 per cent).

The reason for this expansion beyond national boundaries is not hard to find — French companies found their foreign operations more profitable. They also became more aware of the domestic market, the quickening pace of international competition and were able to adjust to it more quickly.

But while the overseas thrust of French companies was a welcome trend for the French Government, the foreign penetration of French domestic markets has been a continuing worry to successive French administrations. The trend has been much seen in data processing, and it lay behind President Giscard d'Estaing's pressure on Saint Gobain to take over Cii-Hemerywell Ball to provide France with a substantial computer industry.

* French Multinationals, Frances Pinder (London) and Institute for Research and Information on Multinationals (Geneva), price £16.50.

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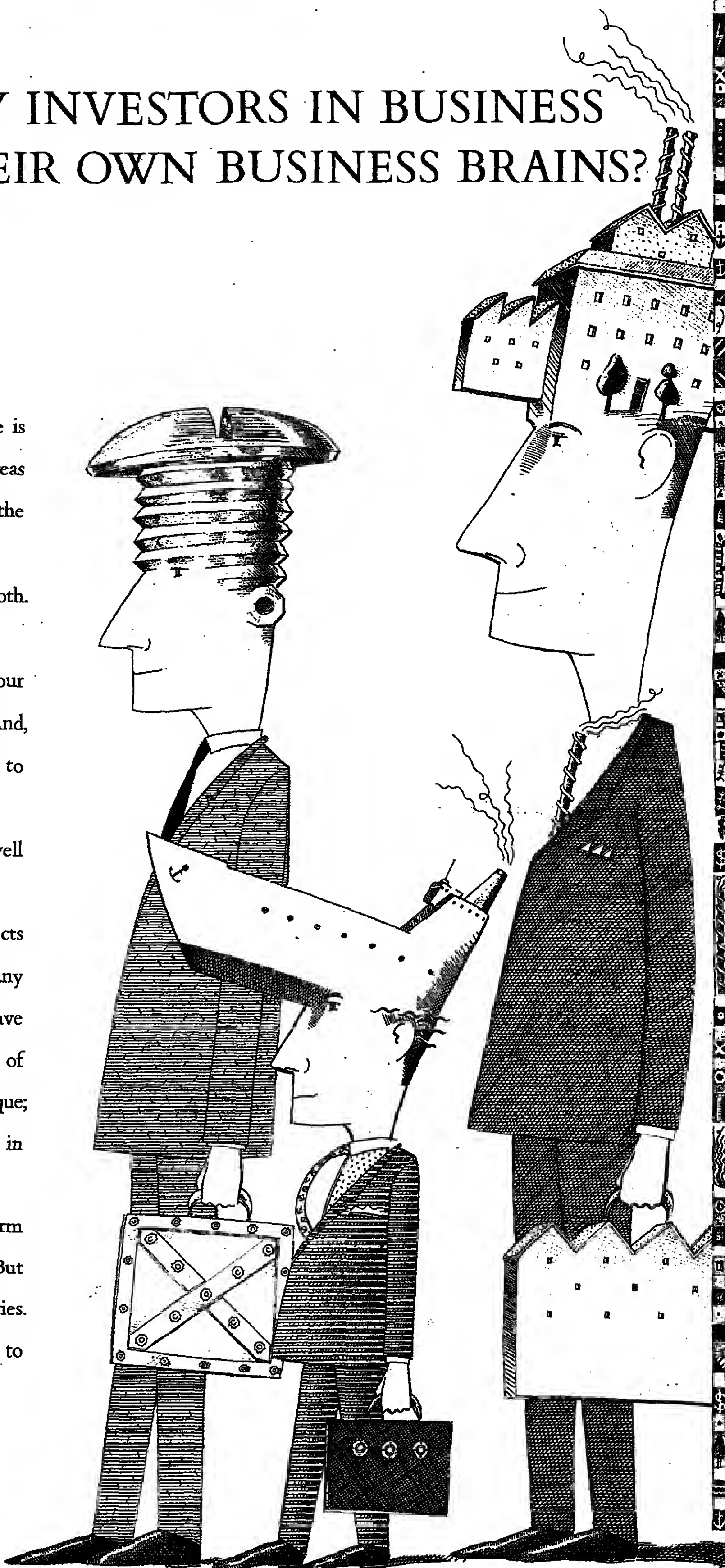
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TOWARDS A EUROPEAN TELECOMMUNICATIONS MARKET
M. Jacques Dondoux
Directeur Général des Télécommunications
Ministère des PTT, Paris

A GERMAN VIEW OF TELECOMMUNICATIONS AND ITS ROLE IN THE I.T. INDUSTRY
Dr Franz Arnold
Managing Director
Scientific Control Systems GmbH

THE TELECOMMUNICATIONS USER AS AN INFORMATION PROVIDER
Mr Kenneth L Phillips
Vice President
Office of Telecommunications Policy
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A CUSTOMER'S VIEW OF DEVELOPMENTS IN COMMUNICATIONS
Mr Alastair I Ormand
Executive in charge of Information Systems and Communication Activities
General Motors Corporation

PROSPECTS FOR SATELLITE COMMUNICATION IN EUROPE
M. Andrea Caruso
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World Telecommunications

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APPOINTMENTS

Horizon Travel management restructure

HORIZON TRAVEL has made changes in its management structure. Mr Bruce Tanner, hitherto chairman and chief executive, will continue as executive chairman of the group. Mr Bob Muckleston, joint deputy group chief executive and managing director of Orion Airways, will be appointed group chief executive. Mr Ken Franklin, managing director of Horizon Holidays, will continue as deputy group chief executive and will be appointed chairman of Horizon Holidays in addition to his role as managing director. Mr Muckleston will become chairman of Orion Airways and will, for the present, continue as managing director. Mr Ray Johnson, operations director and chief pilot, and Mr Bob O'Donnell, finance director, have been appointed joint deputy managing directors of Orion.

TANKFREIGHT, a company in the National Services Group, has been previously operations director and replaces Mr Clive Beattie who recently became group managing director. The group is one of the main divisions in the employee-owned National Freight Consortium.

THOMSON LOCAL DIRECTORIES has appointed Mr John Rice as assistant managing director. His responsibilities have been expanded to include publishing, data transaction, delivery, general administration and customer services in addition to his existing responsibilities as systems production director.

Mr T. J. Kemp and Mr R. E. Pearson have been appointed directors of LFSLE LANGTON HOLDINGS.

Mr Jeremy Goford and Mr George Orros have been appointed directors of TILLING-HAST NELSON & WARREN. Mr Goford was previously finance director of Skandia Life Assurance Co. Mr Orros was previously actuary of British United Provident Association.

Mr Dan Grindrod has been appointed managing director and chief executive of the HOUSE OF ROBIN and the associated Helios Leisure Centre. He was formerly managing director of Mitchell Cotts (UK) motor group.

Mr Roger J. Ashby has joined the board of MARSHALL WOOLDRIDGE, Leeds-based insurance brokers.

NATIONAL GIROBANK has appointed Mr Bob Rummis as its first leasing manager, based at the City of London headquarters. Before joining Girobank he worked for himself as a lease broker. Prior to that he was with the Rosehaugh Group and Midland Bank.

QUILTER GOODISON & CO, stockbrokers, has appointed the following as partners: Mr Alan Coats, Mr Hugh Fergie, Mr Tim Lagden, Mr Richard Legge, Mr Nigel Lloyd, Ms Jane Roskill, Mr Peter Smith, Mr Chris Watkins, and Mr David Williams.

Mr George Wellham, formerly managing director of Hill and Knowlton (City) has joined GAVIN ANDERSON & CO as managing director.

Lord Keyes has been appointed as chairman of the board of the constituent companies of GURGHFIELD FINANCIAL SERVICES GROUP.

Mr Anthony Sheehy has been promoted to the board of BARONSMED ASSOCIATES. He joined in late 1983 to assist "start-up" and young ventures.

Before that he was a project manager/business analyst at Shell International's UK chemical subsidiary.

CHESTERFIELD PROPERTIES has appointed Mr Robert D. Cooney, Mr David E. M. Hall and Mr David P. Keirnan as executive directors. Mr Cooney's and Mr Hall's responsibilities for the development and investment activities of the group remain unchanged and Mr Keirnan will continue as company secretary.

Joining board of Scottish Widows

SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY has appointed Mr Charles Cayave to the board. This is the first time that a serving member of the society's staff has been appointed a director. Mr Cayave joined Scottish Widows in 1983. He worked in several actuarial, management and marketing appointments before 1976 and deputy general manager and secretary in 1974 and general manager and actuary in 1978. Mr Cayave is deputy chairman of the Associated Scottish Life Offices and a member of the council of the International Actuarial Association.

PETER BLACK HOLDINGS has appointed Mr Peter J. Byrom as a non-executive director. He is a director of N. M. Rothschild & Sons.

Mr John W. Maddern has joined the board of QUEENS MOAT HOUSES as a non-executive director. He retired in July from the Furness Withy Group. He was director of a number of subsidiaries including Saxon Inns and was managing director of Saxon Inns since 1976 and chairman from 1978 until the time Queens Moat Houses purchased that company from Furness Withy.

Mr R. S. Hargreaves has retired from the board of THE MINEMA. He is succeeded as chairman by Mr James Quinn, a former director of the British Film Institute, and by Mr M. R. Radcliffe as managing director. Sir Hugh Womster continues as a member of the board.

Mr Bryan Wakeham has been appointed deputy chairman of LESLIE & GODWIN MARINE. Mr Tom Roberts is appointed director of Leslie & Godwin, and managing director of Leslie & Godwin Marine.

Mr W. A. Blackwell, Mr P. J. M. Walters, Mr R. C. Kahrman and Mr D. R. Mitchell have

been made managing directors and Mr J. A. Cox, Mr B. Hobson, Mr G. M. Skinner and Mr G. R. J. Wadia become executive directors of the EUROPEAN BANKING GROUP.

POLYPAL GROUP has appointed Mr Brian A. Horan as managing director of its specialist steel sheaving subsidiary.

Mr Leslie Woodcock has been appointed by FIRST COMPUTER as commercial and financial director.

Mr Peter Whitley has been appointed managing director of COMMERCIAL CONTACT COSTS.

Mr Dennis Lecky has been appointed to the new post of director of marketing for ACCO EUROPE.

Mr Christopher Fyvie-Mitchell has been appointed managing director of CHARLES CAIN AND CO., Isle of Man. He was, until earlier this year, group secretary of Keyser Ullmann Holdings and Grendon Trust.

Mr Rod Gunner has been appointed chief executive of DEANIE DAVIDSON ASSOCIATES. He recently relinquished his position as chief operating officer of the Stigwood Group but remains a consultant.

WOOD GUNNY INC. has elected Mr Hugh M. Heath, Mr Michael J. Keenan, Mr Anthony R. Porter and Mr Harvey S. Nagle as directors, resident in London.

ASSOCIATED COMPUTER AND FINANCIAL SERVICES has appointed Mr G. E. Jackson as group marketing director.

LOYD'S LIFE has appointed Mr John Edwards as marketing manager.

British Gas finance post

Mr John M. W. Dilks has been appointed assistant director of finance at BRITISH GAS headquarters. Previously chief financial accountant, he succeeds Mr J. R. Neville, who has retired. Mr Arthur W. Burgess has been appointed financing manager.

Previously chief accountant of the East Midlands region of British Gas, he succeeds Mr Ross Cope, who has become treasurer of BNOC. As financing manager in the treasurer's department, Mr Burgess will be responsible for management of the corporation's short- and long-term investments and borrowings, for cash flow management and for banking arrangements.

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AMERICAN NEWS

The rapid rise of Security Pacific

By Paul Taylor, recently in Los Angeles

RICHARD FLAMSON III smiles when he is reminded that just a few years ago his bank, now the eighth largest in the U.S. with over \$40bn in assets, was described as not much more than the U.S. equivalent of an overgrown UK building society.

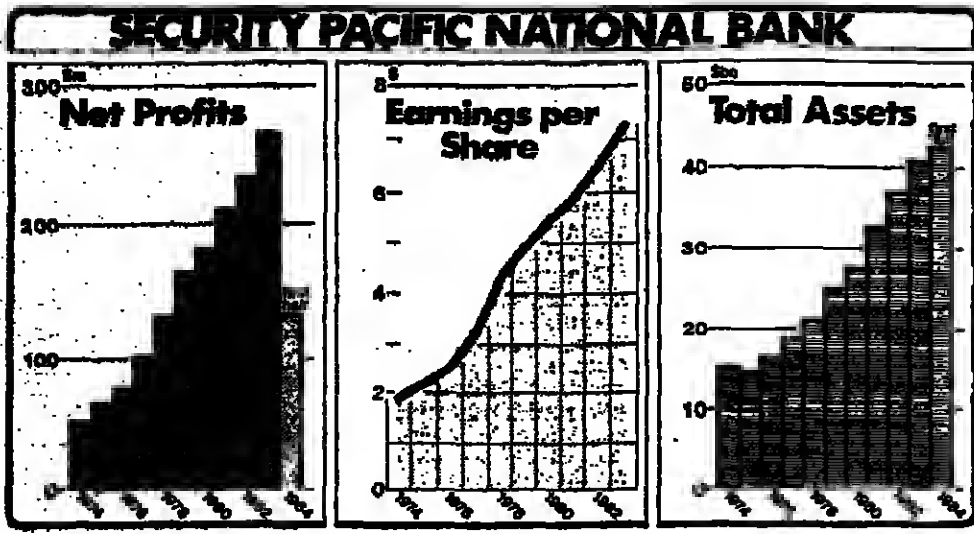
"We were a regional bank in Southern California, a consumer bank," he says. "People used to describe us as an overgrown S and L (savings and loans group) or a finance company that takes deposits. Certainly we were very parochial in our views on many things. I think some of our people thought if you went far enough out in the (Pacific) ocean you fell off."

A more radical transformation would be difficult to find even in the fast changing U.S. financial services industry. These days Security Pacific Corporation, of which the 54-year-old Mr Flamson is chairman, is a rapidly growing force in Far East banking and a respected name in the City of London, owning a 29.9 per cent stake in brokers Hoare Govett. By some measures — particularly profitability ratios and earnings — it is also outpacing Merrill Lynch, Citicorp, American Express and Sears Roebuck in the race to build a fully fledged low-cost and profitable national and international financial services empire.

Security Pacific (SecPac to the bank's friends) is in the business of building a European style investment and securities "merchant bank" — backed by a California retail deposit base. SecPac has managed the transformation from a local "building society" to an internationally respected financial institution not by traumatic wrench but by steadfastly adhering to a strategy initially laid out in the 1960s and put into effect in the last decade.

"We decided we needed to broaden our geographic and product base," says Mr Flamson. "What that essentially meant was that a small team of Security Pacific managers in the 1960s recognized that the very nature of banking was about to change as a result of interest rate deregulation and that to survive and prosper, banks had to move away from pure deposit taking into the business of generating fee-paying services."

The results are clear. At a time when it has become positively dangerous for Wall Street analysts to be bullish on bank stocks, Security Pacific has



Graham Leaver

prospered. SecPac has had steadily rising net profits (for the last 10 years) when most of the rest of the U.S. banking industry has been busy licking the wounds caused by bad domestic and international loans. It has also become the U.S. banking industry's vanguard for the push into the domestic and international securities industry.

That is not to say the bank is without its problems. "If you are looking for an Achilles' heel it is in the asset structure," says Mr Flamson. Like most other major U.S. banks it has exposure to the troubled less developed countries, particularly Brazil and Mexico. But being late into the international lending arena means Security Pacific's exposure is relatively small. More significant, in the spirit of a bank which Mr Flamson describes as "opportunistic but intelligently conservative," the Los Angeles bank has been a cautious loan loss reserve provider.

Last week the bank announced it intended to use the proceeds of the sale of its Los Angeles headquarters to bolster its loan loss reserves by \$150m to over \$500m. As a result Security Pacific's loan loss reserves will stand at about 1.6 per cent of loans, compared to an average of little over 1 per cent for most other major U.S. banks.

The other side of Security Pacific was also highlighted last week. Two days after the banking group announced the planned addition to reserves, it

revealed the latest addition to its worldwide investment banking and securities interests: the purchase of Hoenig, the New York-based securities trader whose services are targeted particularly at the institutions.

Security Pacific has taken full advantage of its status as a bank holding company, which allows it greater freedom to enter businesses which U.S. banks normally cannot. Beginning in 1978 it has built up a network of interlocking national and international investment banking and securities trading businesses.

Its strategy has taken the bank in dramatically different, but nevertheless internally justifiable, directions.

On the one hand the bank has built up, both through internal growth and through acquisition, an important retail discount brokerage operation which today serves 170,000 accounts. Last year the discount brokerage business lost money for Security Pacific, and probably will do so again this year. But the ability to trade stocks for private clients draws in other business for the bank such as metals and commodities trading, according to Mr Smith.

Perhaps more importantly, Security Pacific has built up an institutional securities clearing network which now encompasses U.S. government, municipal and corporate bond traders. Hoenig, the "block" trading securities firm acquired last week, made Security Pacific the first bank in the U.S. to own

an institutional wholesale equities trader — the bank already has seats on the New York and Philadelphia exchanges.

"Five years from now our objective is to do 5 per cent of all securities trades," says Mr Smith. He adds that "We would like to be a Goldman Sachs," a full time Wall Street investment bank, rather than "a Merrill Lynch" — low cost provider of securities trading and investment banking services which is struggling to regain its profitability.

For the moment Security Pacific cannot be either. Despite the cracks in the regulatory framework which banks like SecPac have forced, there are still businesses which are specifically excluded even to bank holding companies.

Mr Flamson and Mr Smith cite three. Securities underwriting — "We want the opportunity to underwrite all securities," says Mr Smith — property participation and insurance.

What Security Pacific is unable to do in the U.S. it is busy positioning itself to achieve overseas. "It is a little ridiculous that we can do things overseas that we cannot do here," says Mr Flamson, who still hopes for further deregulation in the U.S. but is increasingly doubtful it will come about.

In the meantime, Security Pacific has mapped out a strategy overseas of looking both to East and West. Sitting on the Pacific rim the bank's natural affinity is for the Far

East — where it has made sizeable direct investments including the recent acquisition of a 100 per cent controlling interest in the Bank of Canton.

While Mr Smith maintains that Security Pacific's acquisition of a 29.9 per cent stake in Hoare Govett would have been undertaken anyway, it is clear that the UK brokerage firm's offices in the Far East were a major additional positive factor. For the moment Security Pacific's overseas operations will be primarily directed towards the more mature markets of Europe. But in the long run Mr Flamson and others at Security Pacific, where "corporate culture" runs very deep, are gambling on the Far East.

In the meantime Security Pacific's commitment to Europe and its markets is at least determined. Security Pacific spotted the opportunity that the potential radical re-organisation of the London markets would present and leapfrogged "the pack" to acquire its Hoare Govett stake. Since then it has acquired John Govett, the London-based investment management company, bought a 4.9 per cent stake in C. T. Puley, the London stock-jobbers and agreed to spend an additional \$55m to increase its stake eventually to 85 per cent.

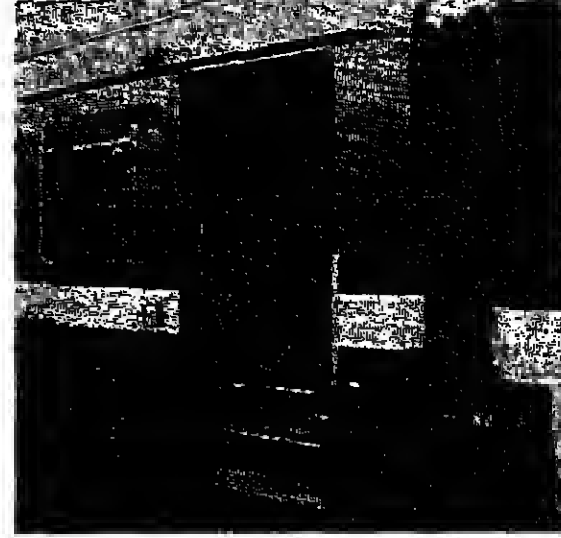
For the moment the "basic banking business" at Security Pacific still pays most of the bills. Nevertheless, the specialised financial services group, which includes equipment leasing, mortgage banking, venture capital, insurance services and other units, accounted for 28 per cent of earnings last year compared with 4 per cent in 1972. The securities and private investment group is gaining momentum, too.

Ten years from now Mr Flamson says Security Pacific will get 50 per cent of its earnings from "basic banking" and the remainder from "financially-orientated businesses."

"We are not going to be manufacturing nuts and bolts," he promises. Outside those restrictions no holds are barred. As Mr Flamson admits, there will from time to time be poor quarterly results. However, Security Pacific's earnings record and climb up the profitability rankings of the major U.S. banks requires that it be treated in more respectful terms than simply dismissed as an overgrown "building society" — on Wall Street or in Europe.

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UK NEWS

Cabinet challenged over jobs policy

THE NEW Government Enterprise Unit under Lord (David) Young, the minister without portfolio, has become the centre of intense infighting involving senior ministers and their departments over the direction of employment and industrial policy.

The extent of the Whitehall wrangling over Lord Young's role as promoter of enterprise and job creation has emerged at the Conservative party conference which ends today.

Considerable unease among Tory MPs and conference representatives about the latest surge in unemployment surfaced yesterday when one speaker criticised the Cabinet for seeming to lack "compassion and understanding". At a fringe meeting Mr Peter Walker, the Energy Secretary, challenged the Treasury's reluctance to take action by urging new policies "to go in the direction of full employment."

Later at another fringe meeting, Mr John Biffen, leader of the House of Commons, acknowledged "the deep anxiety of the conference over unemployment." He stressed the dangers of an approach that was too crusading and radical which might break faith with supporters. He said the Conservative Party was based on "more than just a set of economic principles."

Within the Government, different views have been reflected in the response to Lord Young's appointment and all the publicity last weekend surrounding the creation of his unit in the Cabinet office and his priority for helping the young unemployed.

Treasury and employment ministers are worried that public expectations are being raised about large-scale measures on the way from Lord Young to reduce unemployment which will be disappointed. These ministers argue that a lot of work has already been done in these areas and that public spending constraints will continue to prevent anything larger than a re-arrangement of current measures and

a better co-ordination of education and training activities.

Similarly, the departments of employment and trade and industry are believed to be concerned that Lord Young's unit should not interfere with their existing work in promoting enterprise and de-regulation and they are trying, in classic Whitehall fashion to limit the resources available to him.

There is considerable personal goodwill among senior ministers toward Lord Young who is regarded as a sympathetic and well intentioned figure. However, one senior policymaker commented yesterday that ministers would have to sort out whether Lord Young was to be a supreme, a troubleshooter or a confidant of the prime minister. Senior ministers are understood to be irritated by the frequency of his interventions at a recent Cabinet committee meeting.

Significantly, during his conference speech yesterday, Mr Tom King the employment secretary, stressed his department's role in re-examining the full range of employment protection and restrictions

The Conservative Party at Brighton

Reports by Our Political Staff

without mentioning Lord Young's unit.

Mr King made clear that he would welcome discussions with the TUC on measures to de-regulate the labour market, including possible changes in the Employment Protection Act for young workers, as well as the controversial question of the future of Wages Councils for the lower paid. He hopes to reach conclusions by next spring.

Mr King's theme was the need to look again at the balance of advantage between the 87 per cent of the labour force with jobs and the 13 per cent without. If jobs come first, he said, there might be sacrifices in entrenched positions. He announced extensions to certain existing training and subsidy schemes and is likely to reveal limited fur-

ther job creation measures in the autumn.

Mr King highlighted what he described as the unhappy figures from the latest earnings survey and, like Mr Nigel Lawson, the Chancellor of the Exchequer, on Wednesday, warned both unions and employers that "stemming the tide of wage increases is the preliminary objective."

Tory MPs were reassured by Mr King's focus on unemployment following what was regarded, even by his friends, as an uninspired performance by Mr Lawson. The former moderates critical of the strategy, were heartened by Mr Walker's call for action and his defence of the public sector since they believe that unemployment will now be given a higher priority.

Mrs Thatcher is expected to discuss unemployment in her major conference speech this afternoon when she intends to present the Conservatives as the national party upholding the rule of law in the miners' strike.

Otherwise, the main features in Brighton yesterday were the ovations given to Sir Geoffrey Howe, the Foreign Secretary, after the successful conclusion of the Hong Kong talks and to Mr Norman Tebbit, the trade and industry secretary, for his usual skilful conference oratory. However, he had nothing new to announce beyond confirming the continuing privatisation programme.

Mr Michael Jopling, Minister of Agriculture, said Britain's farmers did not get a raw deal on milk quotas from the EEC. He said it had to be remembered that some other dairy farmers in the Community were having to take bigger cuts than British farmers.

While Britain's overall percentage reduction in the milk year was about 6.1 per cent, that of Denmark was 6.6 per cent.

Walker focuses vision of Tory activists



Peter Walker: possible successor to Mrs Thatcher

ONLY 18 MONTHS ago Mr Peter Walker appeared to be an isolated figure from the Heathite past, on the outskirts of power and not fully absorbed at the Ministry of Agriculture. He seemed almost resigned to departure to the backbenches at some stage along with the prominent "wets", or moderates in the Government, Peter Riddell writes.

But now he is a central figure in the Government, seemingly indispensable and with his experience of the industrial battles of the early 1970s, an asset in the present miners' dispute.

Indeed, the 52-year-old Mr Walker has moved into the reckoning as a possible successor to Mrs Thatcher as leader of the Conservative Party. Surveys conducted by both the BBC Newsnight and Channel 4 Week in Politics programmes showed him slightly ahead of Mr Michael Heseltine the Defence Secretary, who is 53, in the preferences of new Tory MPs, though both were well behind Mr Norman Tebbit, the Trade and Industry Secretary, who is also aged 53.

Speculation about the Tory leadership is, of course, probably several years premature and a lot of ups and downs could occur before any vote at the end of the decade. But the re-emergence of Mr Walker as a major Cabinet figure is a significant short-term political development, as was underlined by the standing ovation for his speech on Tuesday.

The miners' strike is of course the main reason. He has had a "good war" being able to use his considerable political skills to the full. Initially he was silent, though being kept fully informed. But after the failure of the July talks, Mr Walker decided to go public to argue the Government's case.

Mr Walker is a skilled propagandist. Tory backbench MPs have received at least six letters from him explaining the latest moves in the

crising need for vision in employment." In addition, he argued the need to find ways of achieving economic growth and rejected the view that Britain should aim to become the great service industry economy, as has been advocated by some Treasury ministers.

He also trumpeted the benefits of a close working relationship between government and industry. And in contrast to the apologetic tone of Sir Keith Joseph, Mr Walker argued: "We should proclaim more vigorously the realities of our achievement and indulge less in the ugly rhetoric of economic theory. It was a Tory Government that saved B.L. from destruction by a massive public investment. Now it is a success story but we are reluctant to take the credit."

"British Steel is now succeeding in productivity, and this again after massive Government investment. We seem to overindulge in decrying public expenditure; and underestimate in proclaiming what we are achieving by means of the same and sensible public expenditure programmes that we have put into operation."

Mr Walker's message clearly delighted his audience. Several MPs left the meeting commenting that their time might be coming again. They pointed to the flat reception to the speech of Mr Nigel Lawson, Chancellor of the Exchequer on Wednesday, and to the concern expressed over unemployment in yesterday morning's debate. To the younger activists in the Tory Reform Group, Mr Walker has given the green light to demand action on unemployment.

Yet if Mr Walker has revived the spirits of the old "wets" Mr Tebbit is still the darling of the party activists. Bookmakers might care to note that yesterday's standing ovation for Mr Walker and Mr Heseltine combined.

Voices swell as fringe comes to life

WHATEVER MAY be happening to the economy in general, fringe group meetings at Brighton this year have become a massive growth industry.

The right-wing Monday Club, the left-of-centre Tory Reform Group, the Charter Movement (which wants greater democracy within the party) and the Selsdon Group, are all crying their wares.

The organisation which is attracting most attention this week however, is the Bow Group which after several years of comparative hibernation has suddenly sprung into life. The TV cameras whirred yesterday as MPs, party workers and political researchers packed into a Bow Group meeting.

Journalists scribbled away as Mr John Biffen, leader of the House of

Commons, gave one of his subtle discourses to the Bow Group on the presentation of Conservative Party policies.

Mr Biffen is a long-time member of the group. In fact, he could be described as the quintessential Bow Group: urbane, detached, pragmatic, flexible and given to disturbingly frank utterances on controversial topics.

What is not generally realised though, is the close intermeshing of the Bow group with the Conservative Parliamentary Party. Seven members of the present Cabinet, including Mr Biffen, belong to it. Sir Geoffrey Howe, Foreign Secretary, was one of the founders back in 1951. Other members are Mr Peter Walker, Energy Secretary; Mr Michael Heseltine, Defence Secretary;

Mr Patrick Jenkin, Environment Minister, and Mr Norman Fowler, Social Services Minister.

No fewer than 100 MPs are members and, as the group is a broad church, this includes people of all Tory persuasions. Total membership is 1,000 and includes a high proportion of ex-graduates now in commerce and the professions.

What shot the organisation into prominence was the frank pre-conference letter addressed to Mrs Thatcher by Mr Michael Lengens, a lawyer and this year's chairman of the group. By Tory standards the language was caustic.

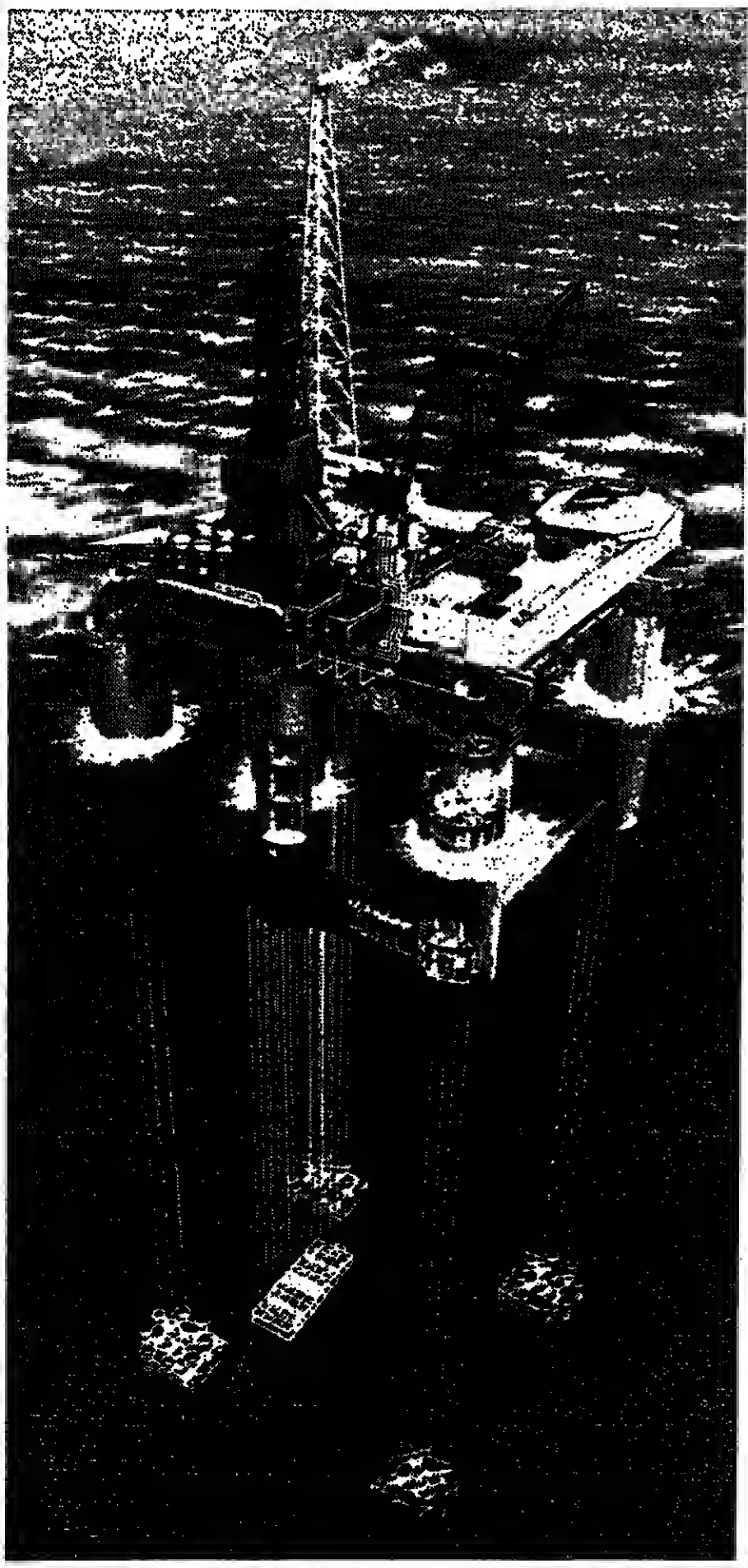
The Government was cautious and defensive and had run out of steam, it said. In its second term its record was "a dismal picture of missed opportunities." Characteris-

tically the Prime Minister's instant reply dismissed these strictures as "crackers".

Sitting coolly in his hotel at Brighton yesterday, Mr Lengens at 27 one of the group's youngest chairmen, had no regrets about sending the letter. Although it was not claimed to represent the views of the group as a whole, it was widely discussed by senior non-parliamentary members and by the officers of the group before it was sent.

The group was formed 33 years ago by a law politically conscious Conservative under-graduate from Oxford and Cambridge, who started to meet in bedsitters and moved on to the Bow and Poplar Constitutional Club in the East End of London as their membership grew.

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Yet if we are extending engineering frontiers in the depths of the ocean, we are doing no less in shallow water or on land.

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Indeed, our offshore operations extend far beyond the North Sea; major engineering contracts have been carried out in the waters of the Celtic Sea, the Mediterranean and the South Atlantic.

But then, we are a company that is still going places, even if it's not in ships.

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Telecom offers 35% return to investors

By Clive Wolman

SMALL UK INVESTORS in British Telecom, due to be privatised next month, will be able to achieve an annualised return of about 35 per cent tax free - if they sell their shares after eight months.

This figure emerged yesterday following disclosure of further details of the £3.5bn BT share issue. The calculation assumes that the BT share price (after selling costs) by next August has moved neither above or below the issue price fixed by the Government.

However, as one stockbroker advising the Government on the issue said yesterday: "After all the Government's advertising to attract the small investor, it cannot afford the political risk of a fall in the share price when dealings start. We expect our masters to err on the low side."

He said he expected the share price to rise to a premium of about 10 per cent when the dealings start. If this premium is maintained, the post-tax return to small investors could be over 50 per cent.

Calculation of the returns is made possible by disclosure of details of the timing of the second call for shareholders' money and of the first dividend payment. After paying 40 per cent of the cost of the shares last the end of November, shareholders will be required to make a second payment of 30 per cent in June. The date is expected to be at the end of June, but could be brought forward by a few weeks.

The first dividend will be paid in August and will be sufficient to give a yield of about 7 per cent on the value of the capital actually invested, according to the estimates of the government's advisers.

The highest returns will be achieved on an investment of £500. Broadly speaking, the larger the investment above £500 and the longer the period the shares are held beyond eight months, the lower the rate of return.

An investor buying £500 worth of BT shares will have to pay £200 at the end of November and another £150 seven months later. In July, however, he will receive two vouchers which he can use to reduce his telephone bill. Their value is £26 tax free. Then in August he will be entitled to a dividend which will be worth about £17 before tax.

The investors' optimum strategy may be to sell the shares, in their partly paid form, a few days before the dividend is due but when the share price has risen in anticipation of the dividend payout.

He will thus avoid paying income tax on the dividend which he has not received. His only tax liability would arise if the share price has risen sufficiently to push him over the capital gains tax threshold of £5,800 a year.

The pay-out of £50 to £53 on an investment of £200 for eight months and £150 for one month represents an annualised return of about 35 per cent.

Peace formula offered in coal strike talks

BY JOHN LLOYD, LABOUR EDITOR

A NEW peace formula was last night put to both sides in the 31-week-old coal dispute and accepted as a basis for continuing negotiations by the National Union of Mineworkers (NUM).

Mr Pat Lowry, the chairman of the Advisory Conciliation and Arbitration Service (Acas) proposed to the NUM and the National Coal Board (NCB) that the vexed question of colliery closures on economic grounds, should be subject to a colliery review procedure which contained the independent element which would arbitrate on the closure proposals.

It is understood that while the NUM is prepared to treat this as a basis for further talks, the NCB negotiators led by Mr Ian McGregor its chairman, have so far rejected it. The NCB continues to insist that any final agreement will enshrine its "right to manage" the industry - the issue on which talks broke down three weeks ago.

Also at issue between the two sides is the status of the independent arbitrator. The NUM together with the pit deputies union Nacods - which is in attendance at the Acas talks, is prepared to accept that the arbitrator's decision is binding, provided that it is open to both parties to accept or reject any closure or other issue going to the arbitrator in the first place.

However the NCB continues to insist that arbitration must be non-binding and advisory only. It is possible that both sides could agree that they could use their best endeavours to obey the arbitrator's decision.

Both sides spent some 10 hours at the Acas offices yesterday and adjourned at 8pm until this morning. The NUM negotiators were clearly encouraged by what they saw as a move in their direction by the proposals put forward by Acas.

It is also clear, however, that the NCB, while rejecting the initial mover is prepared to continue discussions, in the hope of some agreement.

Support from unions in power supply could be significant and could result in power cuts according to power-union leaders.

Shop stewards in power stations in a number of areas have indicated willingness to obey guidelines entangling deliveries of fuel to stations - though workers in the big Trent Valley stations in the Midlands where most of the coal is presently burned, have accepted increased deliveries over the past week.

The task facing Acas will not have been eased by the intransigent mood of the Conservative Party conference.

Vauxhall strike costs £15m in lost output

BY DAVID GOODHART, LABOUR STAFF

TALKS BEGAN in London last night to find a solution to the three-day national stoppage at Vauxhall which has now lost nearly £15m output (at showroom prices).

Meanwhile, mass meetings at recently privatised Jaguar in Coventry confirmed their union negotiators rejection of a rise described by the company as worth 21 per cent over 2 years.

Shop stewards at the two Coventry plants told the 7,000 Jaguar workers that the offer amounted to about 7 per cent a year once bonus consolidation was taken into account. The management said the offer would mean an extra £24.65 a week by November 1985 plus a £12.50 increase in the bonus ceiling.

A Jaguar spokesman said: "We believe that this was a generous and sensible offer with achievable objectives which would have maintained Jaguar's position as the best-paid workforce in the British Motor industry."

Union officials will continue to press their claim of £25 a week increase in basic rates when they meet the company again next week. Jaguar is on target to make a large profit this year. Profits last year were £56m and there was an op-

erating surplus of £40m in the first half of the present financial year.

Mr John Allen, district secretary of the Amalgamated Union of Engineering Workers, said that the workforce had played a substantial part in turning round the company's fortunes. The number of strikes at Jaguar over the past four years from 100 working hours per man in 1980 to 45 minutes last year.

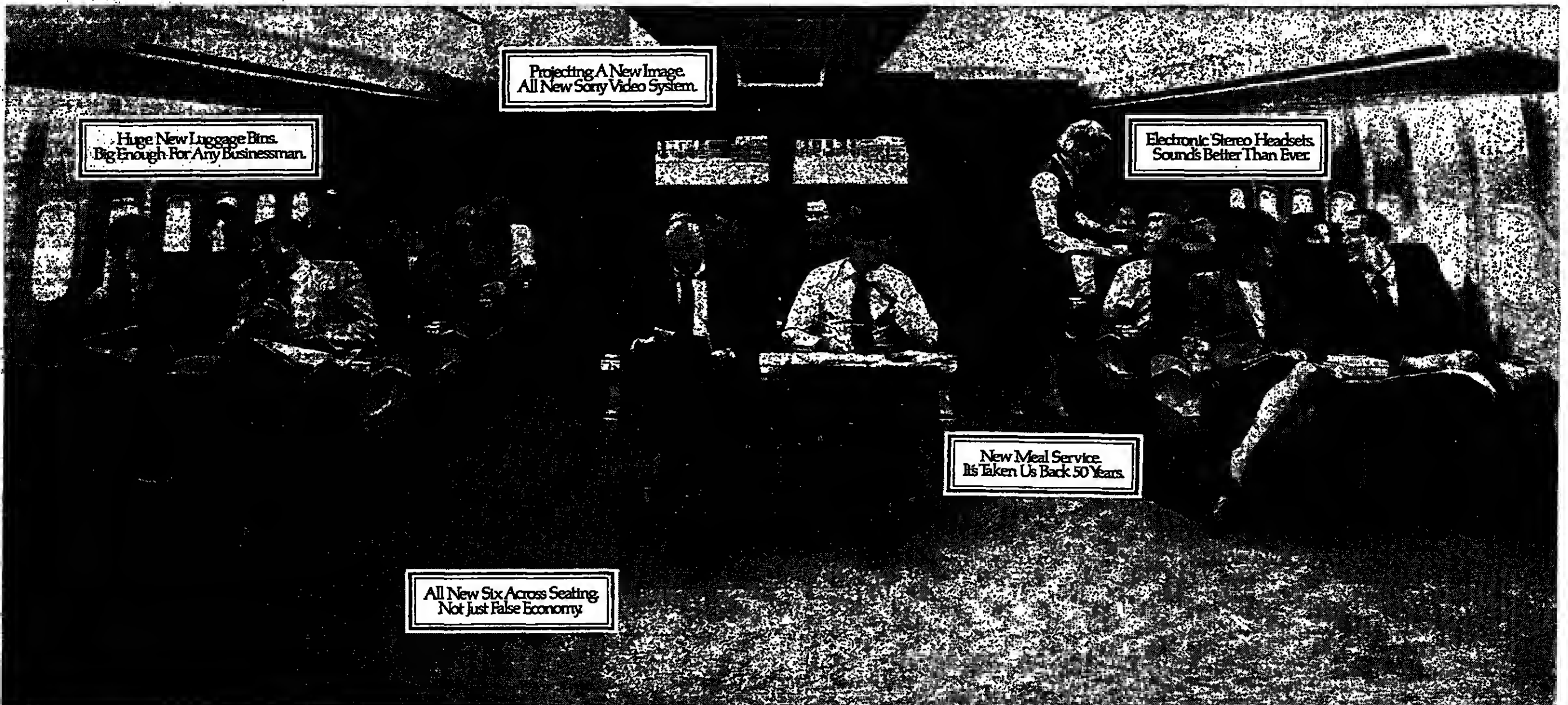
The strikes at Vauxhall along with the prospect of difficult negotiations at Jaguar, Austin Rover and Ford, has come at a bad time for the industry with the International Motor Show in Birmingham next week attracting thousands of overseas visitors.

The management at Vauxhall insists that most workers will get a "new money" rise of about 5 per cent from their complex offer - but the unions continue to question that figure. They are also objecting to proposals to make skilled workers take up unskilled work. If the stoppage continues, it could jeopardise the launch of the new Astra model on October 17.

National union officials were involved in last night's talks which raised hopes of a swift conclusion.

Jaguar French agency, Page 14

Pan Am's New Clipper Class. The Million Dollar Experience.



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Electronic Stereo Headsets.
Sounds Better Than Ever.

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It's Taken Us Back 50 Years.

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Out With The Old, In With The New.

Then we threw out the eight-across seating. Now it's just six. And, unlike other major transatlantic carriers, they're individual seats purpose-built for business class.

Out too go the overhead bins. Now Superbin comes to the rescue of travellers with large hand luggage. Six times bigger, these new bins can take suitcases standing or garment bags laying flat.

The film went the same way. Out. But

movie buffs needn't worry, in its place is a brand new Sony video system.

However, Clipper doesn't just look better, it sounds better too, with the addition of new electronic headsets. So wherever you sit you'll have the best seat in the house.

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UK NEWS

Earnings in Midlands lowest in country

BY PHILIP BASSETT, LABOUR CORRESPONDENT

EARNINGS IN the Midlands - once Britain's industrial heartland - are now the lowest in the country, according to new Government figures. The Department of Employment's New Earnings Survey, which every year takes a "snapshot" of earnings throughout the economy in April, shows that the East Midlands is at the bottom of the regional earnings league for male manual and white-collar wages taken together. Wages there stood in April at £164.60 a week, compared to £178.80 for the whole of Great Britain and £198.20 in the more prosperous South-east region. Wages in Greater London were even higher, at £214.70. Earnings in the West Midlands

are higher than in the East Midlands, at £167, with the South-west (£166.10) and East Anglia (£166.90) between them. Among male manual workers, though, it is those two predominantly rural areas which are at the bottom of the table, at £142.90 and £146.20 respectively. Next come the East (£147.90) and West (£148.80) Midlands, with the South-east at £160.50 and Great Britain overall at £152.70. For non-manual males, though, the Midlands are at the bottom again - £191.20 in the East Midlands, and £193 in the West, with the South-west (£192.50) and the North (£192.40) in between the two. For women, too, earnings in the East Midlands are the lowest in the

country, at £106.90 for manual and white-collar women workers taken together. That compares with £117.30 throughout Great Britain, £130.50 in the South-east and £142.80 in Greater London. A similar pattern applies for women manual workers, with those in the East Midlands averaging £88.10, compared to £100.30 in the South-east, and £93.50 for Great Britain as a whole. On particular jobs, the attached tables show the annual male manual and non-manual league placings. However, the manual table is distorted because the continuing miners' strike has meant that there has still been no settlement this year in the coal industry.

MALE MANUAL EARNINGS - TOP TEN		MALE NON-MANUAL EARNINGS - TOP TEN	
	April 1984		April 1984
Chemical process foreman	£228.20	Medical practitioners	£361.40
Electrical installation foremen	£221.30	Finance & tax specialists	£338
Transport foremen	£204.60	Police & fire inspectors	£308.20
Metal pipes foremen	£198.50	University academics	£296.50
Metal making/treating foremen	£197.40	Personnel officers	£286
Electrical power plant operators	£194.10	Marketing managers	£282.20
Crane drivers	£193.20	Police & fire supervisors	£261.70
Machine installation foremen	£190.10	Office managers	£261.10
Printing machine minders	£190	Journalists	£259.30
Chemical operators	£189.70	Mechanical engineers	£256.10
Average manual	£143.60	Average non-manual	£194.90

ICI plans £16m investment to lift capacity in PET polymer

BY MAURICE SAMUELSON

ICI FIBRES is to spend £16m on a second factory at Wilton, Tesside, in the North-East of England, to produce PET, the glossy rigid plastic increasingly being used for packaging lemonade and beer. The plant, with an output of 30,000 tonnes of polymer a year, will be ICI's third in Europe, and will increase the company's PET polymer capacity by 50 per cent. It coincides with ICI's plans to promote PET as a packaging material for foods as well as liquids. Mr John Lister, chairman of ICI Fibres, said yesterday that it would be the company's biggest investment so far in PET and confirms

our intention to be a world market leader." From a consumption of 3,000 tonnes of polymer in 1978, demand in Western Europe has increased so steeply that ICI predicts that the European market will use 70,000 tonnes of PET in 1984. Such growth is expected to continue throughout the 1980s and ICI estimates the European market will reach 190,000 tonnes by 1990. PET is also spreading to other countries, with the installation of equipment for converting the plastic into bottles. ICI, which markets PET polymer under the "Melinar" label, claims to

have a 80 per cent share of the European market, in which West German and U.S. suppliers are also active. Besides the new Wilton plant, the company will shortly commission a £1m development line capable of producing thermoformed food trays in PET. It should come on stream early in January, coinciding with the start of work on the new Wilton plant, which is to come into operation in the spring of 1986. BCI, is to spend £1m in the UK on increasing its output of Cellophane, the clear wrapping material produced from woodpulp.



Review of aid could affect investors

By Mark Meredith
THE CURRENT review of regional industrial aid in Britain could see variations introduced in the range of assistance offered by new towns. This could considerably alter the appeal to foreign investors of the five Scottish new towns which, unlike the 12 remaining English and two Welsh new towns, have a longer future as focal points for industrial promotion. The Government is currently redrawing the regional assistance map and is expected to reduce considerably the areas qualifying for special development assistance when the Department of Industry announces its review sometime during the autumn. The emphasis is to change to more selective assistance geared to individual projects rather than automatic grants available in specific areas. The review also takes into account the new towns which qualify as special development areas offering the maximum assistance. Companies moving into a new town can, in exceptional cases, qualify for assistance equal to 50 per cent of their start up costs. This includes a 22 per cent automatic regional assistance grant. The Scottish new towns which this week published their annual reports indicated their concern about the review. Glenrothes new town in Fife, one of the more successful corporations, with several large electronics companies among its residents, said in its report that it was anxious to keep the special status. This, it said, was "essential to enable it to continue to perform its role as a growth centre and to provide increased employment opportunities in the central area of Scotland." A change in regional policy giving each new town differing ranges of assistance would increase the competition between the five corporations for investment. It could also be seen as benefiting new towns like Irvine in Ayrshire, which have not seen the growth of new high-technology companies compared with Livingston new town, west of Edinburgh. The Scottish office is currently reviewing the winding-up dates for the new towns. East Kilbride, south of Glasgow, with a population of 70,700 is the only new town approaching its target population of 82,500.

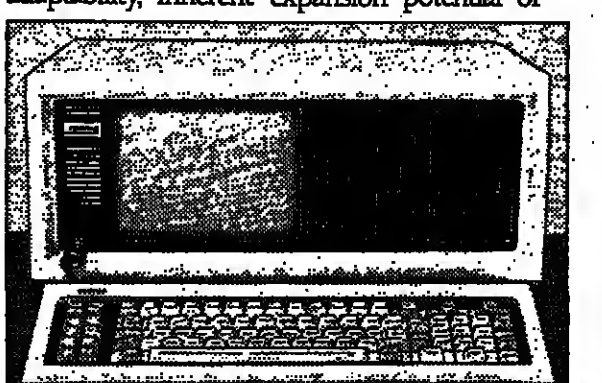
Jaguar names distributor in France

JAGUAR, the luxury car group, has appointed an importer-distributor in France - the company which imports Honda motor cycles to that country, Kenneth Gooding writes. Jaguar, which was recently sold back to the private sector by BL, has been separating its import and distribution arrangements throughout Europe from those of Austin Rover, BL's volume car subsidiary. From next January in France, Jaguar imports will be handled by the Chapet company which, apart from importing Honda two-wheelers also has some Honda car and Ford retail outlets. The new Jaguar France company will have its headquarters in Paris and a parts and technical centre at nearby Levallois. PEOPLE EXPRESS, the U.S. low-fare airline that flies between Gatwick and Newark, New Jersey, is seeking a licence to fly between Stansted, Essex, and New Jersey, on an unlimited frequency, from April 1, next year. The airline would like to start with two return flights daily building up frequencies as the summer traffic expands. At the same time, People Express is pursuing as a separate application its request for the continuation of daily flights between Gatwick and Newark throughout the winter. Under its existing licence, it can fly only five return flights weekly from November 1 to March 31. PLANS HAVE been drawn up by the Central Electricity Generating Board for a £10m radioactive waste store on the proposed Sizewell B power station site in case land and sea dumping is banned in the UK. The contingency plans are for low and intermediate-level waste. Mr Fred Passant, head of the Board's active waste management division held the Sizewell B inquiry yesterday. PLANNED new investments at the port of Southampton worth some £3m could be put in jeopardy unless the workforce agrees to more flexible manning and shift arrangements later this month. Several large shipping companies, notably United States Lines, have withdrawn services from Southampton after the big Hampshire container port was hit by the dock strike this year. They have mostly gone to the east coast port of Felixstowe, now about to embark on a £87m expansion programme and seeking parliamentary approval for further possible extensions.

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Barclays raises bank charges

By David Lascelles
BARCLAYS BANK heralded another round of bank charge increases yesterday by announcing new tariffs for personal account holders from December 3. But it appeared that one bank, NatWest, has decided to hold the line this time. Barclays' increases, its first in 18 months, will make banking costlier for people who keep small balances in their accounts, but allow large balance holders greater flexibility. A £3 quarterly commission fee is to be introduced, though the cost of debit entries will be cut from 28p to 26p, and direct debit charges will remain unchanged at 15p. As before, people who keep a minimum balance of £100 will escape charges. But in future, those who keep a minimum average of £300 per quarter will also get free banking.

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When Mr Ken Livingstone was lambasted for running an advertising campaign of 'crude dishonesty' there was no by-line on the article.

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The Economist



FT COMMERCIAL LAW REPORTS

EEC investigatory material is exempt from libel suit

HASSELBLAD (GB) LTD v ORBINSON
Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice O'Connor, Lord Justice May): October 10 1984

WRITTEN allegations disclosed voluntarily to the EEC Commission to assist its investigation into complaints of distortion of trade or abuse of dominant position within the EEC, are absolutely privileged on the ground of public policy and cannot be the subject of libel proceedings.

The Court of Appeal so held by majority when dismissing an appeal by Hasselblad (GB) Ltd from Mr Justice Gwynn's decision that a defence of absolute privilege was available to Mr Kenneth Orbinson in a libel action arising out of allegations made against Hasselblad in a letter written by him and forwarded to the Commission of the European Economic Community (EEC).

SIR JOHN DONALDSON, Master of the Rolls, said that Hasselblad was sole UK distributor of Hasselblad cameras, which were made in Sweden.

In July 1979, a previous sub-distributor complained to the EEC Commission that Hasselblad was carrying on business in breach of article 85 of the EEC Treaty [distortion of competition].

The Commission began proceedings against Hasselblad. In the course of the proceedings the sub-distributor sent the Commission a letter signed by Mr Orbinson. It contained allegations that Mr Orbinson's Hasselblad camera developed a fault and Hasselblad had refused to repair it on the ground that it was a "gray" or "parallel" import, having been purchased from an unauthorised dealer.

The Commission sent a copy of the letter to Hasselblad and invited its comments. It replied that the allegations were untrue. It also wrote to Mr Orbinson telling him that unless he withdrew the allegations defamation proceedings would be instituted.

Mr Orbinson did not withdraw the allegation, and the present proceedings began. Mr Justice Gwynn ruled that a defence of absolute privilege was available to Mr Orbinson. Hasselblad now appealed from that decision.

In *Trapp v Mackie* [1979] 1 WLR 377 Lord Diplock said at page 378 that in deciding whether a tribunal acted in a manner similar to courts and thus attracted absolute privilege for witnesses, "one must consider first, under what authority the tribunal acts; secondly the nature of the question into which

it is its duty to inquire; thirdly, the procedure adopted by it in carrying out the inquiry; and fourthly, the legal consequences of the conclusion reached by the tribunal. To attract absolute privilege for the testimony of witnesses, the tribunal... must be recognised by law."

At page 388 Lord Fraser said that absolute privilege had been applied to authorised inquiries before tribunals which "though not courts of justice, have similar attributes."

The Commission was recognised by UK law and acted under an authority derived from the EEC Treaty. The nature of the question into which it was its duty to inquire, was whether there had been infringement of articles 85 and 86 [abuse of dominant position] with a view to reaching a definitive decision and imposing penalties, subject to review by the Court of Justice.

The legal consequences of its conclusion were that its decisions were enforceable as Community judgments "under article 192 of the Treaty, and by the UK High Court under RSC Ord 71, without further proof other than authenticity."

Thus far, nothing indicated that the Commission, in its role in relation to alleged breaches of articles 85 and 86 was other than a tribunal which "though not a court of justice, had similar attributes."

The procedure, however, was wholly dissimilar. The fact that decisions were reached by Commissioners who had not attended the hearing, on the basis of advice from representatives of EEC states which were not directly concerned, seemed to show that the Commission acted in a manner dissimilar to that of civil or common law courts, and that its attributes were dissimilar to such courts. Its procedures fell into a different category, better labelled as administrative rather than judicial or quasi-judicial.

Accordingly, absolute privilege did not, as such, attach to the letter signed by Mr Orbinson.

In *Riddlek* [1977] 1 QB 881 the Court of Appeal held that where a party disclosed a document on discovery, it was protected against any use of that document otherwise than in the action in which it was disclosed. That case was distinguishable, however, in that the document was obtained by compulsion, whereas in the present case the letter was not obtained by any form of compulsion.

The "professional secrecy" provision in article 20(1) of Council regulation No 17 provided that information acquired by applying article 11 [ie by compulsion] "shall only be used for the purpose of the relevant request or investigation." It could only be construed as applying in information acquired by compulsion and made on reference to article 3 of the regulation, pursuant to which the Commission received volunteered complaints.

Mr Tyrrell, as amicus, drew the court's attention to a possible argument based on public interest privilege.

Public interest as a defence involved a balancing of one interest against another. Hasselblad had a potential cause of action in libel against Mr Orbinson. That was a private interest, supported by a public interest that alleged infringements of a citizen's private rights should be investigated.

On the other hand, there was a public interest in insuring that the Commission, as a primary authority of the EEC, should not be frustrated in its duty.

Total secrecy was impossible, since the Commission required an informer to reveal to the alleged infringer the full text on which it might rely.

If there was any substance in a complaint of abuse or unlawful use of economic power, the likelihood was that the less powerful victim would be the probable source of evidence. It would therefore not be surprising if the alleged infringer's economic and other power were turned to the suppression of the evidence.

Whether Mr Orbinson's letter was true or false, there was no doubt that Hasselblad intended to do everything it could to force him to withdraw his evidence. In a sense it mattered not what Hasselblad's motives were. What mattered was the likely effect on potential suppliers of evidence to the Commission.

As Lord Reid put it in *Leveson* [1973] AC 388, 400, "the real question is whether the public interest required that the letter shall not be [used as the basis of a libel action] and whether that public interest is so strong as to override the ordinary right and interest of a litigant that he shall be able to lay before a court of justice all relevant evidence."

The public interest did so require and was sufficiently strong. Disclosure of the letter to Hasselblad was for a very limited purpose, and Hasselblad proposed

to use it for a very different purpose.

If Hasselblad could proceed with its action the obstacles in the way of future Commission investigations of breaches of articles 85 and 86 were obvious.

Either the Commission would be unable to make any use of volunteered evidential material because it dare not disclose it to the alleged infringer, or it would disclose the material in the certain knowledge that if the informer could be sued for libel the supply of information would be severely reduced.

Furthermore, it could not be right that national courts and EEC institutions should both independently weigh the force of particular evidence with the possibility of inconsistent results.

Hasselblad was already in a position to say that it denied, and had always denied, Mr Orbinson's allegations. Also the European Court had held that the allegations could not be relied upon by the Commission. That must, and should, suffice.

The appeal should be dismissed.

Lord Justice O'Connor agreed. LORD JUSTICE MAY, dissenting, said that the scope of absolute privilege in respect of alleged defamatory matter should not be lightly extended. If communications to the Commission were not malicious, they would be protected by qualified privilege.

The fact that this was the first time that the point had arisen for decision made one wonder whether public interest in protecting complainants from vexatious litigation was as strong as had been suggested. When infringement proceedings reached the Court of Justice the protection for both complainants and infringers was quite sufficient.

At the moment there was no need for such substantial extension of the defence. If it were necessary or desirable to extend it, it would be essential to define and limit the extension carefully.

For Hasselblad: Michael Burton QC, Richard Sloane and Tom QC, Richard Slove (William T. Stockler).

For Mr Orbinson: Christopher Carr QC and Richard Behar (Pollard Scots Winter).

For the Commission, intervening in the appeal (but not in the court below): Alec Tyrrell QC and Ian Corison (Fishes).

By Rachel Davies Barrister

BATH OLIVER CRISIS ENDS

AS YOU MAY KNOW, there has been the most frightful rumpus since last Christmas.

Queues have formed at Fortnum's, angry words have been heard at Harrods regarding the virtual impossibility of buying Bath Olivers.

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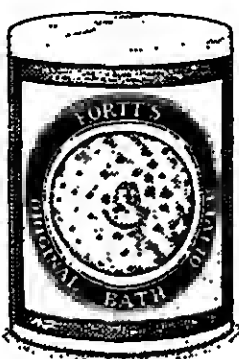
Accordingly, we decided, in our wisdom, to shift production to our more modern and efficient bakery at Bermondsey.

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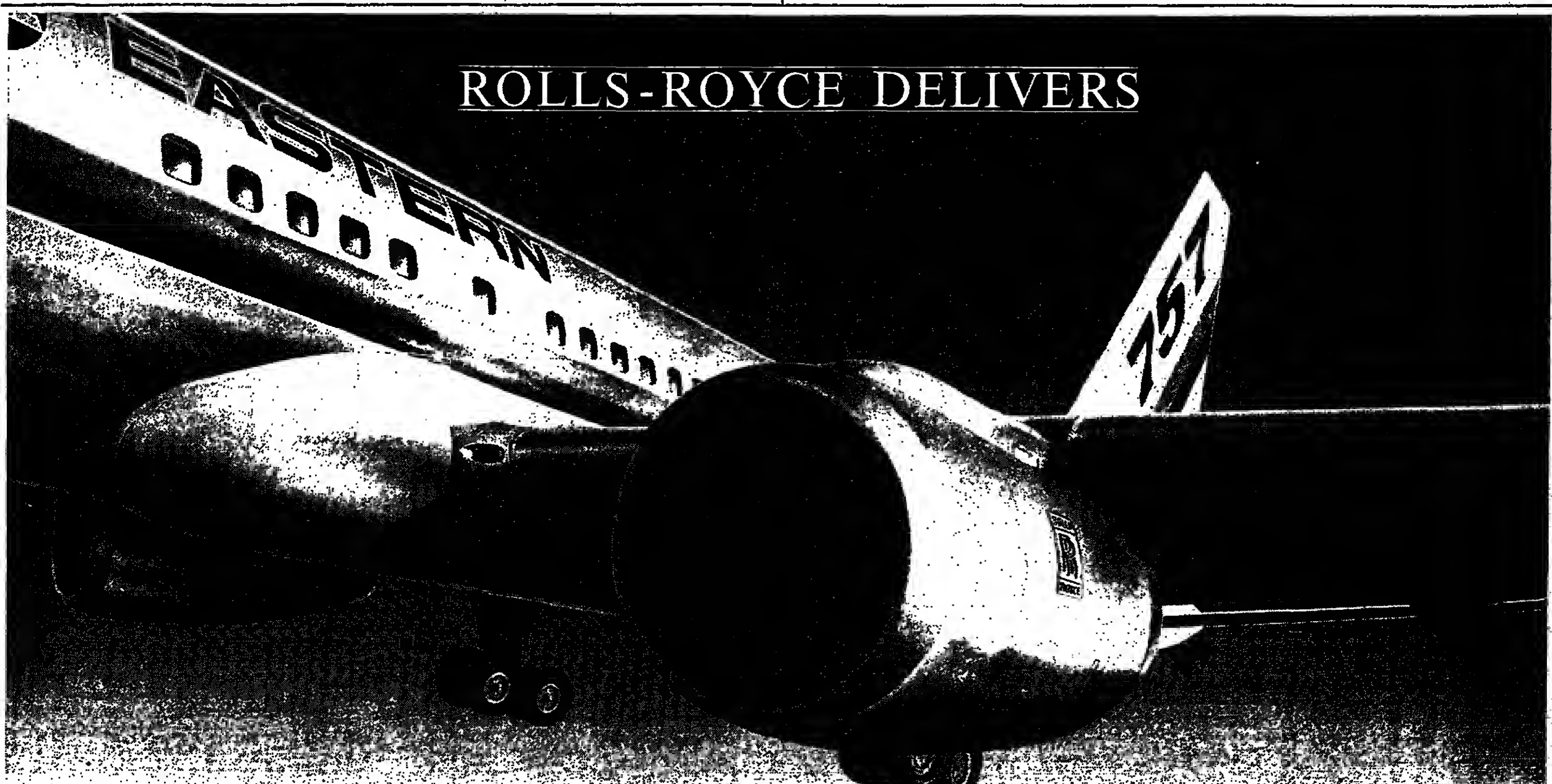
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Friday October 12 1984

DOING BUSINESS IN CHINA

Now the door is really open

By Alain Cass, Asia Editor

Policies for employment

THE DISQUIET expressed at the Conservative Party conference is well justified, and felt among the government's constituency supporters, and the conference will have performed more than its usual ritual performance if it provokes ministers to think again. The well-worn slogans and tautologies no longer pacify even the selected real and socially dangerous problem which deserves more serious analysis.

Ministers should remind themselves frequently that their economic philosophy is based on the virtue of the microeconomic approach — which, in plain language, means the hard work of finding specific answers to specific problems. The less ministers believe in demand management, the harder they should look for specific approaches.

They should especially not concentrate much thought and rhetoric on the one aspect of the problem over which they have no influence at all—the level of freely negotiated wage settlements. They are already doing all they can to do to loosen the structure of the labour market, to reduce union monopoly power and to dismantle the over-protection of employment. This is necessary work and must be taken further, but not even its most ardent advocates, including ourselves, ever expected quick results.

Flexibility

Labour market flexibility would especially help in addressing one of the microeconomic causes of unemployment—the accelerated structural change in developed economies which has resulted from large relative price shifts and rapid technical progress. The more rigid wages are, the more quickly out-of-date industries are forced out of business. In this respect all Europe lags behind the U.S., with its tradition of mobility and weak unions, or Japan, where unions have co-operated in developing much flexibility within enterprises. But this failure has only made other problems more pressing.

One is regional decline. Nothing is likely to revive the old coal-based industries—which is why pit closures always threaten regions of high unemployment—or divert British trade back from Europe to the

A lead from business

THE BURDEN of unemployment has convincingly demonstrated the need for structural change and improved efficiency in the older industrialised economies. The adoption of policies facilitating the needed changes is primarily a duty for governments. But enterprises have an important role to play, not present in the conduct of labour relations. Novel moves in this direction are about to be taken by two leaders of the world motor industry, General Motors in the U.S. and Renault in France.

Both concerns have negotiated agreements with their unions in which managements undertake to retrain workers becoming redundant. In this and other respects the two companies are seeking to emulate some aspects of the Japanese system, which encourages a far greater identification of employee interests with those of the employer than is usual in the West.

GM is setting aside \$1bn to ensure that men and women no longer needed in their jobs can continue to draw pay while being retrained to become useful once more within the concern or elsewhere. It is providing \$100m to help fund new ventures designed to provide new jobs. The aim is to offer security to those who have worked for GM for more than a year.

Productivity

Another part of the agreement provides for a substantial part of the proposed pay increase to be about to be based upon performance and the profitability of the company. This section contains an element of profit sharing.

GM hopes these arrangements — which have yet to be approved by a ballot of union members — will help the concern to keep up in the productivity race and lead to a more rational, less confrontational style of industrial relations.

In keeping with a traditional reluctance to sack workers, Renault hopes to avert compulsory redundancies by early treatments; the retraining of migrant labourers who volun-

CHINA'S first 3-D Kung Fu film got under way this week in a Sino-Japanese co-production called "The Chivalrous Woman Shisamei." The Peking Film Studio has guaranteed its Japanese partner an audience of 200m inside China, which, in a nation of cinema fanatics where annual ticket sales run into billions, is not an improbable target.

On the same day in Peking, Herr Carl Hahn, chairman of West Germany's Volkswagen board of management, signed a 25-year contract to build Santana cars in China and said: "We are investing our own money and we hope to make a profit."

Earlier in the week it was announced that four major companies from three countries would compete for a \$100m TV satellite contract as a prelude to establishing a \$1bn broadcasting network.

Suddenly, it seems, after six years of abrupt changes, bitterly contested reforms and several noteworthy setbacks since the launch of the country's open-door policy in 1978, China's economic landscape is beginning to look more inviting and, perhaps, more profitable.

One Peking-based diplomat said: "For the first time I can put my hand on my heart and say that things are beginning to look up. There is money to be made in China." He has the frustrating task of persuading foreign businessmen that, under Mao's grip on the economy, rigid Marxist ideology is giving way to economic pragmatism.

The new-found optimism should be reinforced next week when big changes are expected to be announced at a meeting of Communist Party's central committee. These are aimed at radically overhauling China's urban enterprises. Chinese officials have indicated that the country's suffocating price control system, cutting subsidies to inefficient in-



Sign of the times: a Volkswagen Santana in Peking. A 25-year contract has been signed to build the cars in China.

dustry and giving more freedom to production managers. This represents nothing short of a revolution at least on paper. This is particularly so when it is coupled with the abolition of Mao Tse tung's cherished commune system in the countryside, and a stream of reforms aimed at loosening Peking's grip on the economy. Authority is being devolved to provinces, cities and even individuals who can now do business directly with foreigners.

These broader economic reforms are of vital importance for those wishing to invest in China because one of the main impediments to profitable investment is inefficiency. According to the Chinese, less than 3 per cent of the workforce in factories is technically qualified. One prominent Chinese economist said recently

that only about one-third of China's factory managers are equipped to run their enterprises. China's Soviet-style industrial sector is also riddled with problems ranging from sloppy quality production to low productivity and virtually non-existent cost accounting practices.

Over the past five years China has steadily developed its policies to entice foreign businessmen into the country, often in the face of stiff opposition from left-wingers in the party and the bureaucracy who resent the introduction of more liberal economic measures. These include:

- Flushing out the joint venture law first promulgated in 1979 and starting from scratch, developing legislation covering exchange control, offshore oil

exploration, labour, taxation, company registration, Special Economic Zones, patents and foreign contract regulations.

- Replacing ageing or politically suspect officials in the foreign trade hierarchy in an effort to cut away bureaucracy and red tape.
- Dismantling the centrally-planned economic system. As late as 1978, all of China's foreign economic relations were under the thumb of a small number of mandarins in Peking ministries. Then there was no foreign investment in the People's Republic and trade with the West was negligible.

There is now a bewildering array of government agencies, corporations, provinces and factories authorised to do business with foreigners. The Bank of China also claims that there are 18,000 individuals with

bank accounts totalling \$75m in foreign exchange.

- Creating Special Economic Zones such as Shenzhen, near the border with Hong Kong, which offer exceptional incentives to foreign investors. Capital investment in Shenzhen has reached \$267m so far this year, compared with \$348m for the whole of 1983.
- Earlier this year, in a major expansion of Deng's open-door policy, 14 additional cities were opened to foreign investment.

Perhaps the boldest experiment is taking place in Chongqing, an industrial city of 14m people in Sichuan, China's most populous province. The city has been selected as a laboratory for China's economic transformation by the central government. Some of its most ambitious economic experi-

ments are being put to the test there.

The city's economic status has been raised to that of a province reporting directly to the State Council in Peking by passing the Factory Enterprise Reform Law. Chongqing can also now conduct foreign trade and sign contracts directly with foreigners. In the city's factories, workers' wages have been linked to their unit's performance. Factory managers have been freed from the watchful eye of local party chiefs. The local Bank of China now offers floating interest rates—rare in China—while a "talent exchange centre" has been set up to help disarmed intellectuals look for jobs.

This proliferation of potential new business partners for foreigners has also, however, created its own problems.

Businessmen often complain that, under the new system, it is not always clear who has the authority to allocate foreign exchange. The new system is still unclear in what product lines, as several squabbles between rival national and local bodies have shown.

Some order has been imposed by the Ministry of Foreign Economic Relations and Trade (Mofert) which merged the old Ministry of Trade, the Foreign Investment Control Commission and the Import-Export Commission. But the new system is still operating very much on a trial-and-error basis.

Said a Peking-based management consultant: "There's certainly a lot more people to do business with in China than ever before. There's probably also more opportunities. But the new set-up is very complicated. Companies have to be very sure of their priorities and, above all else, they have to be absolutely certain that the people they're dealing with have the authority to sign on the dotted line."

FOREIGN INVESTMENT: A LANDMARK IN THE LONG MARCH...

THE SIZE of the DM 500m (£138m) Volkswagen deal signed this week makes it a landmark in China's efforts to attract foreign investment.

Some 100 foreign companies are estimated to have invested as much as \$3bn in the People's Republic, following the adoption of the Government's "open door" policy in 1978.

Most of the projects have come from Hong Kong. The money goes into light industry—textiles, electronics or food processing. Much of it is based in the special economic zones, particularly in Shenzhen, adjacent to Hong Kong.

People from Hong Kong invest there to carry favour with China, which takes over the cash in 1997. Others put money into their villages, further into Guangdong Province.

After Hong Kong, the U.S. is the biggest foreign investor in China. One of the first

major deals which took four years to negotiate and was finally signed in May 1983, was the \$51m American Motors agreement to produce 20,000 four-wheel drive vehicles a year. AMC's investment amounted to \$16m, giving it 34 per cent of the project equity.

Production started in January and AMC claims that the joint venture in Peking, with the Beijing Jeep Corporation is expected to show a profit this year, as well as hitting its production target.

"We knew what we were letting ourselves in for. We have not come up against any problems we did not foresee. We certainly have no regrets," a spokesman said.

AMC's objective is to produce vehicles for export to the wider Asian market in the next few years. The company admits that its Chinese operation employs for too many workers—4,000—but it is pre-

pared to live with this burden. The U.S. has about 22 major agreed deals in China. Several more big ones are under discussion, including Occidental's Pingmeo coal mine project, where disputes between the partners ever since have delayed agreement.

"Americans still dream of the market of 1bn customers," said one trade consultant. "They've been far more willing to take risks than anyone else. We keep telling them how important it is to work for a good contract that will protect all their interests, but they are still dazed and tend to give away more in China than they would elsewhere."

By contrast, the Japanese, who come after them in the investors' league, have been extremely cautious. By the end of last year they had notched up only 12 deals.

One Japanese plant, the Hitachi colour TV factory in Fujian, has had considerable

problems. The Chinese side has tried to renegotiate the deal because Shanghai manufacturers are complaining at the competition from Fujian, and Hitachi has refused to allow its logo to appear on the sets because of low quality.

The most popular large projects have been hotels, in which Hong Kong or American Chinese money has been invested. The Jiangsu Hotel in Peking, managed by Hong Kong's Peninsula Group, is unofficially reported to be the only joint venture in China that is actually making money.

Heavy industry has not absorbed much foreign investment. It presents substantial problems for foreign investors because of Chinese inexperience and entrenched interests. One observer said of the Occidental mining project: "Different objectives make something like this difficult

to agree on. Remember, it's not just Armand Hammer [the head of Occidental] negotiating with the monopolistic Chinese. Peking, the local authorities and the Chinese railway, all want a deal that's good for themselves—and these are not necessarily the same."

Sometimes local authorities are so obstructive that foreigners go elsewhere in China. "I've given up trying to negotiate in Shanghai," said one British businessman. "Its bureaucracy is the worst and its officials the most arrogant. Jiangsu province (which adjoins Shanghai) is easier."

There is no shortage of Chinese provincial officials seeking foreign investment. A conference will be held in Hong Kong on November 6 at which delegations from all China's 14 open cities and its four Special Economic Zones will present lists of about 15

projects in search of foreign investment.

Inland provinces are holding similar investment meetings. "But when you've got your deal, problems still arise," warned one U.S. observer. "The local authorities try to renegotiate the contract. They try to raise the water rate or the electricity charge, or make you pay more for raw materials. You may find you can't get the material you need."

Investors still have problems with land attitudes, and with can't fire the workers. The quality of production may be low.

While Volkswagen's agreement may be a milestone, it marks only a stage in what is a very long march to full economic co-operation with foreigners.

Colina MacDougall in Hong Kong

Raising a question

Some of the long-established customs of the House of Commons seem likely to be maintained in Mrs Thatcher's question time at the Confederation of British Industry's conference in Eastbourne next month.

The Prime Minister has indicated that she wants no pre-arranged questions—just a lively session of spontaneous scrutiny and unprompted pumping.

But the nerves of the CBI's stage-manager do not seem to be quite as strong as Mrs Thatcher's. What if there should be not only awkward questions but awkward silences?

So the CBI will follow the precedents set by generations of Government whips in ensuring a fair wind for Prime Ministers during Commons question times.

An anonymous but carefully selected band of CBI members will be dispersed among the audience, equipped with the sort of queries that Churchill once called "well-rehearsed improvisations."

Men and Matters

"It could have been our 1981 election manifesto," Livingstone beamed, promising that the GLC will be reprinting it.

One owner

Bill Benton may not be known to the Tories at Brighton in the same way that Denis Thatcher would be recognised by the assembled squires.

But Benton has one important thing in common with the Thatcher men. He too has been extremely busy in the car and industrial waste disposal companies put together by David Wickens.

While Denis Thatcher presses the flesh on behalf of Wickens' industrial waste disposal group, Attwoods, an old hand in the U.S. sports car market on behalf of Group Lotus (another Wickens interest), Benton is preparing to quit Ford Motors, headquarters, Detroit, for the deputy chairmanship of British Car Auctions, and to take control of BCA's fast-expanding U.S. offshoot.

Benton is taking early retirement from Ford at 61, after a 37-year stint with the company, to start a new career with Anglo American Auto Auctions, as the Wickens U.S. business is called.

In the last three years Benton has been vice-president in charge of marketing for Ford worldwide. For four years before that he ran Ford's sales effort in Europe from Essex, England.

BCA dominates the British car auctions market through its 14 sales centres. And it is so close to Ford that it now turns over the whole of Ford's fleet business into the second-hand market.

Wickens, clearly pleased with his catch from a Detroit boardroom, describes Benton as "better looking and better

Purge off

Over Ottawa dinner-tables they have gleefully been picking over the bones of the Canadian finance department since the new progressive conservative government came to power.

But, to the surprise of many pundits, the department is likely to emerge relatively unscathed.

The top official there, Marshall "Mickey" Cohen has just been asked to stay on by Prime Minister Brian Mulroney. Cohen, an easy-going former tax lawyer, is widely respected as a capable administrator. The question-mark over his future stemmed from his close association, while deputy minister of energy in the early 1980s, with the unpopular national energy programme which the new government is pledged to water down.

There will be a few changes at the finance department, however. The chief economist of the Bank of Nova Scotia, William Mackenzie, will, it is thought, join the department as a senior adviser.

Mighty mice

Britain's electronics industry is up with the leaders in a new sport in which tiny robots race against each other.

Two Britons were among the 55 in recent heats in Copenhagen to find a group of Europeans to take on the Japanese. The sport features machines called micromice which, aided by microchips and sensors, have to find their way to the centre of a maze.

David Woodfield, a 36-year-old computer specialist from Wolverhampton, emerged from the heats as the European micromouse champion, with his winning design enterprise.

The machine, only three inches high, took Woodfield 150 hours to build and cost £100.

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POLITICS TODAY: THE TORIES IN BRIGHTON

'The temper of the people'

By Malcolm Rutherford

THE CONSERVATIVE Party conference in Brighton this week presents a number of surprises. The party is com- parably placed in the opinion polls, yet there is an under- current of nervousness that the Tories do not mean what they say and that any Tory lead could be quickly eroded.

There is a good deal of talent in the Cabinet, yet not too much evidence that its members all to one another. Ministers have been coming out with all sorts of promises of legislation, yet are ready to entertain the charge that Mrs Thatcher's second administration has run out of steam.

The Opposition is divided, yet the Government can scarcely afford to be. Mr Francis Pym, the former Foreign Secretary, who said at the last general election that the Tories did not need too large a majority and who has been criticised for his Government on some issues, now agrees with the proposition that it is perfectly possible that they will be returned next time with around 300 MPs, out of a House of Commons total of 650 members. The party, in short, seems steadily poised between triumph and disaster, and is uncertain which way it will go.



Members of Mrs Thatcher's Cabinet (from left): Mr Jenkin, coming back strongly; Mr Walker, a great survivor and Mr Heseltine, going down like a bomb

Two factors overshadow the conference: the miners' strike and unemployment. The Government's approach to the miners is conciliatory. It wants a settlement. Mrs Thatcher in her speech today is unlikely to be provocative and threatening anything like the demagogues of the pits.

Not to take the conference seriously is also a basic misreading of the modern Tory party. The composition of the conference has changed over the years. There are trade unionists here, who are not Uncle Toms, and who have experience of the coal face.

The phrase "one nation" is generally out because of its association with the Tory wets, though it was used deliberately by Mr Peter Walker, the Energy Secretary, who is one of the great survivors. Instead, Mr John Selwyn Gummer, the party chairman, is talking about the Tories becoming the "national party" which can rise above sectarian debates.

which an individual without authority is often able to govern those who are his equals or his superiors by the knowledge of their temper and a judicious management of it. . . . The temper of the people amongst whom he presides ought therefore to be the first study of those statesmen.

Those words about judging "the temper of the people" go to the heart also the Govern- ment's problems. Has it got that judgment right? Is it possible to govern by a mixture of reform and consent during a period of intense technological and social change?

All one can give so far is a preliminary answer, together with the negative point that there is no particular evidence from the opinion polls to suggest that the bulk of the electorate thinks that any other party do any better.

Mrs Thatcher's second administration seems to have recovered from the banane skins of its first year. It has used the summer well. The ministerial reshuffle looks good. In last week, the Brighton confer- ence has been cleverly managed, yet without giving the suspicion of being all public relations.

Neither the Labour Party nor the SPD-Liberal Alliance would have thought of the idea of holding a major debate on drug abuse. Yet it is a subject which potentially affects all people; as an issue, it is neither left nor right, nor class-based. The Tories took it on.

They have also learned a lot from their opponents after the debate earlier this year over the reform of local government. Mr Patrick Jenkin, the Environ- ment Secretary, who not long ago seemed a political disaster, came back strongly this week to announce a fundamental re- view of the complete system of local government finance.

At the same time, he got the Government off the hook on perpetually promising the abolition of the domestic rating system without knowing what to put in its place. Present local govern- ment reform is now seen only as an interim measure. The results of the review will be an integral part of the Tory man- ifesto at the next general election.

Mr Kenneth Baker, who is Mr Jenkin's new deputy, went on

to the offensive on the issue of the abolition of the Greater London Council and the metro- politan counties and achieved the rare feat for a junior minister of winning a standing ovation of 5.30 on Wednesday afternoon. Mrs Thatcher regards him as one of her star appointments and on local government at least, it looks as if the corner has been turned.

Likewise on the National Health Service, Mr Norman Fowler, the Secretary of State for Social Services, seems to be winning the argument that the NHS is safe in his hands. He made the same speech as last year, with updated figures and the conference lapped it up. It does seem that there have been reforms rather than cuts. Extensive amendments to the social services will be promised in the Queen's Speech next year.

There were other vignettes: Sir Keith Joseph, the Education Secretary, for example, being invited to a meeting of the National Anglo-West Indian Conservative Society, not know- ing what it was, but turning up and going down very well.

The press on the whole has decided not to admire the conference performances of Mr Michael Heseltine, the Defence Secretary. The Conference, however, thinks otherwise and he continues to go down like a bomb—this time for giving a forthright defence of the deci- sion to sink the Argentine cruiser Belgrano during the Falklands war.

Mr Norman Tebbit, the In- dustry Secretary, had a vision of the miners' strike being the last kick of a dying bore—rather like the feudal barons of the past—and of Britain going peacefully and prosperously into the 1990s.

The Tory part vis not with- out its characters or contenders for the succession. Yet it comes back to two points: first, Mrs Thatcher still has a long way to go before the war for the leadership breaks out; second, even she is going to have to do something about unemployment.

In her speech today she could probably get away with reciting the Ten Command- ments and the Sermon on the Mount and adding a few jokes. But the message from Brighton is that a lot of people know that the promised land, though obtainable, could still prove to be elusive.

Lombard Why lame ducks get priority

By Paul Betts in Paris

M LAURENT FABUS, the French socialist Prime Minis- ter, has a habit of saying in public that if his nationalised industry bosses fail to produce profits they will soon be out of a job. In keeping with the modern, pragmatic image he likes to project, he says the state should intervene as little as possible in the affairs of nationalised industries, which in turn should be managed on sound entrepreneurial lines.

This approach appears to have started to pay dividends. Many heads and senior executives of nationalised industries in France acknowledge that, after some initial interventionism, they are now left mostly to their own devices and suffer little interference from civil servants. The accumulated losses of the eight major industrial groups nationalised by the Left after 1981 were cut back from FFR 17.4bn in 1982 to FFR 11.4bn last year—and that includes FFR 10.2bn for the two nationalised steel companies alone which are a special case of their own.

Some of the old loss makers, including the Rhone Poulenc chemicals concern and the Pechiney alu- minium group, are operating profitably again.

Under the circumstances, you would expect to find an atmos- phere of glib mirth in a good many of the executive suites of the nationalised industrial groups in France. On the con- trary the mood tends to be grim with state managers in- creasingly worried about the future.

They have just discovered the limits of the current French socialist attitude to nationalisa- tion. "The problem is that the state helps you when you lose money but not when you make profits," explained one manager.

For the nationalised groups on the road to recovery this is an alarming state of affairs. In most cases, their return to profit and their recovery remain fragile. Their finan- cial requirements continue to be large to complete the in- vestments and restructuring necessary to remain competi- tive on a longer term basis. And it only takes a cyclical downturn or a sudden fall of the dollar for some of these groups to be struggling again.

Take the example of Pechiney. During its dog days, the aluminium producer received FFR 4.8bn in state aid in its first two years of nationalisation. After losing heavily in 1981 and 1982, it started recovering last year (thanks also to the upturn in the aluminium market) and was profitable in the first half of this year.

Pechiney received only FFR 150m in capital endow- ment from its sole shareholder, the state, this year. But in the meantime aluminium prices have collapsed with the inevitable impact on the group's cash flow. The group is uncertain when it will be able to launch the second part of its long term investment programme. It will also prob- ably have to make compromises and postpone or abandon some projects in favour of others.

But because it is making money, its current problems are unlikely to receive very sympathetic bearing from its shareholders.

The Government is clearly far more anxious over the fate of the loss making French car- siderable amounts of state aid in coming months. The Govern- ment continues to pump in huge sums in an effort to sus- tain a hopeless situation in steel and in the shipyards. Despite its emphasis on tough industrial policies, it has contin- ued to demonstrate a marked penchant for bailing out lame ducks.

This policy has also irritated a growing number of foreign industrialists. The cynical view is that the Government is only really wor- ried about re-election—the 1988 legislative elections. In the case of the recently nationalised industries, it essentially wants them to show a clean balance sheet to back the socialist economic and industrial record. Inevitably, therefore, it is bound to help groups still struggling to return to the black in time for the elections at the expense of other groups which are in better shape but but also need support.

This may make short-term political sense, but it hardly amounts to a coherent policy for putting the nationalised groups on a sound footing.

Reform in the City

From Dr J. Toporowski. Sir—Your report (October 6) that the Government is going to eschew any direct or indirect controls over the activities of the financial firms, leaving them to regulate themselves through two representative agencies, must surely herald one of the most ill-adviced financial reforms of post-war years. This news is a godsend to the group of users of the financial system, namely borrowers. The whole discussion of City reforms seems to have assumed that the City exists for no other purpose than to market savings instru- ments, so that the funds are concentrated almost wholly on the terms on which such instru- ments should be sold. Yet finan- cial markets are also supposed to provide services and funds for government, local authori- ties, industry and most house- holds in the country. The Government looks as if it will secure its interests in the restructuring of financial mar- kets, but what about other borrowers?

Surely it is high time to con- sider and debate, before they are lost sight of altogether and irreparable damage is done, the protection of the interests of those in whom funds are invested, and without whom the financial system can only be a sterile incubus. Only those who believe that we have the best of all possible financial systems, or are about to have it, can be satisfied with the one-sided and superficial discussion and reforms that have been pro- posed and being enacted.

(Dr) J. Toporowski, London Economic Policy Unit, Polytechnic of the South Bank, London Road, SE1.

Exchange market stability

From Mr P. Robeson. Sir—There has recently arisen a fresh outbreak of argument that the UK should now contemplate full mem- bership of the European monetary system. This has been a natural reaction to the autumn's

Letters to the Editor

equinoctial high tide for the dollar and to the steerable if short-lived intervention by the Bundesbank, which (combined with the modest decline in U.S. interest rates) has seen the per- centage of the U.S. economy was growing less fast than in the first half of the year) was sufficient to persuade foreign exchange markets of the not particularly difficult propo- sition that the dollar was upish at over DM 3.10, even though it is not currently persuaded that the time has come to sell it much further down than current levels.

These arguments for full membership dismiss the petro- currency dissimilarity argu- ment as out-moded, contend that the UK's anti-inflationary performance is the reduced volatility of EMS currencies compared to others and suggest that the tendency for sterling to follow the dollar more closely than the remainder of the EMS bloc can be con- sidered by forging a common European strategy towards the dollar—something which has eluded Europeans or been avoided by them for over a decade.

I have doubts over all of these points but my real and abiding objection to sterling's participation in the exchange rate mechanism of the EMS is that the group of currencies which currently compose it are in essence a D-mark bloc none of which have anything like the international cause and investment clout of the pound—even in these days of decline from its former reserve cur- rency status. To put sterling and the D-mark into the same yoke of narrowly pegged fixed rates is to condemn a floating dollar world would be bound to give rise at some stage (given not just the inherent and likely developing economic differences of the two countries but also the inevitable dis- parity of demand for the two currencies) to loan and invest- ment fund managers, whose interests nowadays represent probably the largest and cer- tainly the most mobile sector in the foreign exchanges) to a major bout of speculative pres- sure which would cause con- siderable disruption to one or both of the economies con- sidered not only while it was being resisted—which it would no doubt be at least initially—but also subse- quently as a consequence of the imposition of whatever measures were taken—regard- less of domestic considerations—possibly of "equilibrium" level was able to be negotiated in the course of some week-end meet-

ing of Finance Ministers. The reason why the EMS has been so stable for the past eighteen months has been the continuing strength of the dollar over that period. Given a falling dollar—which all the economic pundits are still fore- casting—there will inevitably be a rush into whatever is then the newly favoured currency. If that were to be the D-mark it is extremely unlikely that sterling would rise with it, but gasps and much more likely that the market would sell sterling for D-marks at its new fixed rate even faster than it did in 1972 when, it may be remembered, a very short period of speculative activity based upon our ill-judged membership of the "snake" cost the UK's reserves \$3bn.

I am anything but pre- judiced in favour of floating rates and would not reject for ever full participation of sterling in the EMS of the EMS but I believe it would be much more sensible for such a move in the case of a major investment currency such as the dollar to be reserved for such a time as may see a more general return to international exchange market stability including not only the Euro- peans and the Japanese but also and especially the Ameri- cans.

P. W. R. Robeson, Happisburgh, Norwich.

Premium refund on death

From Mr F. Ricker. Sir—I seem to have touched a rather sensitive nerve of the mighty Pru judging by Mr Wright's letter (October 8). Mr Wright says premiums would have to be loaded to pay for any refunds. An actuary friend tells me, however, that on an annual premium of £300 for £20,000 of life cover the increase would be a trifling £2.25, i.e. less than 1 per cent.

I can still see no logical or moral justification for the practice of life offices not to pay back a proportionate part of the premium when cover ceases, as do all Swiss insur- ance companies, life and general. (This also applies when a house is burnt down, pace Mr Wright.)

In Switzerland there is no statutory compulsion but, in the words of a spokesman, it is an "unwritten law" and it seems rather a pity that our own insurance industry is not governed by some unwritten laws. Incidentally, Mr Wright does not refer to my other major criticism of life offices as in

earlier letter regarding their malpractice in withholding interest due to the Prudential in the interim between the death of the policyholder and the date settlement is made, to which apparently he does not take exception. This is very encouraging since, of course, the Prudential is by far the largest and most prestigious insurance company in the country. Percy Ricker, 9, Leigham Hall Parade, Streatham High Road, SW16.



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EQUITY ISSUES PLANNED AT MARKET PRICES

Top Japanese banks break ranks

BY YOKO SHIBATA IN TOKYO

JAPAN'S five leading city (commercial) banks are planning to make big equity issues at market prices next spring.

Faced with domestic deregulation, rapidly evolving electronic banking and internationalisation of bank business, Daiichi Kangyo Bank (DKB), Fuyo, Sumitomo, Mitsubishi and Sanwa intend to expand their capital with issue at market rates.

Traditionally, Japan's 13 city banks raised funds through new share issues almost simultaneously every three years, but they limited capital increases to allotment to their shareholders. The upsurge in their share prices since the turn of this year, however, has convinced the banks that it is profitable to raise funds at a market price issue rather than through allotment to shareholders.

Market price issues will bring a widening divergence in capitalisation among big banks and a clear break with the past consensus-oriented banking fraternity. The banks have also operated under the close protection of the Ministry of Finance's Convoy Escort Administration, which adjusts the speed of operation to the pace of the slowest so as not to allow any bank failure.

Japanese bank share prices have long been staid and dull. They have been traded under a system known

as "managed stock price" where, by tacit agreement, trading ensures that no large gaps are created between the banks.

All leading banks' share prices throughout last year hovered within Y10 either side of Y500 and four banks closed at Y500 on December 28.

This year, however, many big bank's share prices have shot up, some doubling to over Y1,000 by March. Sumitomo Bank, the nation's most efficient bank and one of the most aggressive to operate internationally, reached Y1,220 on March 30.

Sumitomo has decided to pull itself out of the cosy environment in which Japanese banks followed each other's lead not only in stock price movements, but also in dividends payments, the number of cash dispensers to install, operating hours, overseas branches, TV commercials, and even gifts to depositors in the form of summer or winter bonuses.

To finance its acquisition of a 52.67 per cent stake in the Gotthard Bank in Switzerland, Sumitomo Bank has to raise funds at reasonable cost whether by equity issue at a market price, or convertible bond issue (still banned by the Finance Ministry) by taking advantage of higher stock prices.

At the end of last year Sumitomo soured out its lead underwriting securities house, Nomura Securities, about allowing its shares to find their real market value. Mr Hisao Aoki, senior managing director of Sumitomo, said: "At that moment, even the bank itself was half in doubt whether the stock price could move so easily."

In anticipation of expanding business opportunities by the Japanese Government's deregulation of the financial markets, and of undervalued bank assets, foreign investors bought bank stocks heavily.

Upset by the sudden gap in prices, other leading banks urged securities houses to push their

stock levels to that of Sumitomo. On March 12, when Sumitomo's stock price topped Y1,000, the other four city banks scored exactly in order of their profitability—Fuyo Bank Y944, Mitsubishi Bank Y930, Sanwa Bank Y925 and DKB Y865. The "managed stock price" revived on March 31, however, when all five banks closed at Y1,150.

This was because Japanese banks pay great attention to prices on this date, the last day of the financial year. For face-saving purposes they ask securities houses to close the market with uniform prices.

All this has changed because of increased business activities overseas. Japanese banks feel it necessary to strengthen their financial base to compete with their foreign counterparts in international banking. The have become increasingly sensitive about their lower equity ratio—currently about 3 per cent compared with the foreign banks' 5 per cent.

Mr Aoki of Sumitomo said: "A reinforcing of capitalisation is a matter of importance. We have been studying it, but we have not yet reached any concrete plan."

Swedish banks move in from cold, Page 2; Rise of Security Pacific, Page 11; U.S. bank results, Page 21

EEC rules against Paris plan to subsidise Chapelle

By Paul Cheseright in Brussels

THE European Commission has told the French Government to suspend its plan for providing Chapelle-Darblay, the Normandy paper producer, with FF2.2bn (\$242m) of subsidies.

The Commission believes that the provision of subsidies could cause distortion of trade. It is mounting an investigation under its powers to control the use of state subsidies.

Under EEC rules the subsidies, scheduled to start coming through now, cannot be paid while the investigation is in progress.

Officials in Brussels said yesterday that FF200m given to the company earlier without Commission approval also should be suppressed. This means that Chapelle-Darblay should give the money back, but the Commission may be prepared to see the funds changed from a subsidy to a commercial loan.

Chapelle-Darblay, which is coming under the control of Parancou, the Dutch paper manufacturer, and Paribas Bank, plans to cut production, move into more specialised lines and shed about 400 people from its workforce of 1,300 over four years.

In Brussels, however, it is believed that the amount of subsidy planned is colossal for a company of this size.

Although strict application of the subsidy rules would mean Chapelle-Darblay being left to fend for itself, the Commission is prepared to authorise subsidies when restructuring takes place in a sector suffering from overcapacity.

It was made clear yesterday that the French Government would have to produce good reasons to justify a subsidy of FF2.2bn.

David Marsh in Paris adds: The Brussels decision is bound to come as an embarrassment to the French Government.

M Laurent Fabius, appointed Prime Minister in July, was in charge of the Government's handling of aid for the company during his previous term of office as industry Minister. He has faced criticism in France that the government aid package was partly motivated to save jobs in his political constituency of Rouen, where Chapelle-Darblay has its headquarters.

France's lame ducks, Page 19

THE LEX COLUMN

A bundle of woe for Alfa-Laval

Alfa-Laval timed its share placing in the London market to perfection. Last May, when the Stockholm market was standing at its peak relative to the Capital International World Index, London's enthusiasm for Swedish equities knew few bounds and the institutions happily gobbled up £23m of new equity.

Unfortunately, the placement price of SKr 341 is now ancient history. Yesterday, Alfa shares closed at SKr 183 in Stockholm and the group's interim statement, for the first eight months of 1984, offered the institutions little hope of recouping their losses.

Pre-tax profits have fallen by a third to SKr 271m and Alfa is warning that, after SKr 150m to SKr 200m of special costs, the full-year 1984 will be roughly half last year's SKr 807m. The most depressing feature of Alfa's difficulties is the suddenness of their collective arrival.

Only a few months ago the group was talking with some confidence about the current year. But, since the spring, EEC milk quotas have devastated order books in the dairy equipment business, new management has exposed problems in Algerian and Libyan plant contracts and the dairy and food operations in the U.S. have generated sales way below budget.

Alfa admits to its mistakes with a candour which would be quite unthinkable in a British company and is evidently taking steps to reduce break-even levels and where necessary—such as in parts of its contracting business—to withdraw completely. But, while it is reasonable to expect some earnings recovery next year even on maintained sales volumes, the growth image projected last May looks, to say the least, rather blurred.

Index-linked: If the current upsurge of the index-linked sector is anything to go

by, the market must be taking seriously the chances of a reversal in the UK Government's ranking of its inflation and unemployment priorities. In the last month, index-linked have outperformed conventional stocks by 8 per cent. After months of unpopularity, the longest stock in the indexed market (the 2 1/2 per cent 2030) has gained seven points in as many days, and yesterday it actually found itself in demand at the original £91.50 issue price for the first time, a fitting way to celebrate its first birthday today.

Investors may indeed have raised their inflation estimates by a notch or two lately. Heavy wage negotiations and strikes in the motor industry seem reminiscent of the inflation-ridden 1970s, even if the industry now has a less central place in the UK economy. Higher productivity is becoming questionable, while wages seem about to accelerate, and the coal strike has set the fuse for rising fuel tariffs. Fears of inflation, however, do not seem to be the whole of the story.

On almost any plausible inflation assumption, index-linked have been looking cheap for some while. At an inflation rate of 8 per cent, the 2 per cent of 1988 would still have a gross yield of more than 4 per cent. At times it has been possible to find index-linked stock with a yield higher than that on the All Share—proof that a reverse yield gap could emerge even with risklessly indexed coupons in the bond market.

Consulting actuaries have been jumping up and down for ages to make pension fund trustees increase the amount of indexed stock in their portfolios. Given some short-term performance, the actuaries will now have more fund managers arguing on their side. But for long-term funds collectively to

make their weightings up to a conservatively recommended 10 per cent, an extra £10m of stock might need to be created. This is on the large side, as technical shortages go.

It may be wishful thinking to pent-up demand on quite this scale. Yet there is no denying that the market is illiquid; jobbers must be at the least unwilling to hold stock on borrowed money after three years of a bear market, and the 2 point spread seen in the market yesterday shows their unwillingness to be caught short when buyers appear. The market is begging to be tapped today; if the Government Broker can oblige, helping liquidity by enlarging some of the existing issues, everyone will be pleased.

Honda

This time last year, Honda Motor's interim results were bad enough to prompt the president's resignation. Yesterday, as Honda unveiled a 34 per cent rise in consolidated net income for the half year to August, all the group's executives were safely at their desks.

Honda is experiencing a progressive widening of margins which should see the half-year earnings of ¥58.1bn...comfortably exceeded in the second six months. But, while Honda is no longer enduring the motorcycle sales war which hit it last year, demand remains very weak in both Japan and the U.S. With margins on domestic car sales under strong pressure, the group is relying on car exports to the U.S. and output from its Ohio plant to provide the growth. Perhaps the day on which the U.S. Administration lifts the quotas on Japanese car imports will be the time to sell the shares.

Ariane chosen for Australian satellite

By Our Trade Staff

THE AUSTRALIAN Government has chosen Arianespace, the European space consortium, to launch the third of three planned domestic communications satellites under AS24m (£20m) contract announced in Canberra yesterday.

The government-owned satellite company, Aussat Proprietary Ltd, will shortly sign the contract for the launch, which is to take place between mid-1986 and mid-1988, a Government spokesman said.

The decision to opt for Ariane represents a major boost for the European consortium which is aggressively competing for launch orders against the U.S. National Aeronautics and Space Administration's Space Shuttle.

Arianespace, established in 1980, now has more than 5750m in bookings, with 30 satellite launching orders from 15 clients up to 1987, compared with about 80 for the Space Shuttle. It recently won a \$30m launch order from Satellite Business Systems (SBS), a U.S. communications company. The order was Arianespace's first in the U.S.

Prices was an important factor in winning the Australian order. Mr Graham Gosewinckel, Aussat's General Manager, said the Space Shuttle would launch Australia's first two satellites. When the orders were placed, the Space Shuttle was "significantly cheaper" he said, but now the reverse was true. The U.S. orders cost \$50m each for launch and support services.

Another reason for choosing Arianespace was that the satellite's launch from French Guiana on the Equator would effectively extend its working life to about nine years from seven, Aussat said. The European consortium will use the Ariane III three-stage rocket for the launch.

The price issue prompted Mr Bill Brock, the U.S. Special Trade Representative, in July to order an investigation of allegedly unfair pricing services offered by the Europeans. The investigation is expected to take a year.

The complaint was launched by Transpace Carriers of the U.S., which claimed that Arianespace's "predatory" pricing jeopardised the U.S. company's efforts to engage in satellite launching services.

Balance of payments deficit, Page 4

UK aid will cover full £65m cost of helicopters for India

By JOHN ELLIOT IN NEW DELHI

BRITAIN has agreed to give India 21 Westland helicopters costing £65m (\$80m) to assist in offshore oil production work, as part of what is believed to be the biggest order for civilian helicopters.

Against stiff competition from Aerospatiale of France, Britain is providing outright grants to cover the full cost of the 21 Westland 30 helicopters, with Rolls-Royce engines and main spares, to be used by India's Oil and Natural Gas Commission.

Contract arrangements are being finalised in New Delhi, and on a parallel sale of six Westland 30 helicopters for use by senior Government personnel, bringing the total business for Westland to about £85m. Aid is not being provided for the six VIP aircraft, or for extra spares on the other order.

The decision to cover the full cost of the £65m order with aid, which was referred to Mrs Margaret Thatcher, Prime Minister, for approval, is likely to be controversial. The Indian Ministry of Defence is responsible for the sale negotiation and operations of the helicopters,

which adds to the controversy, even though the oil commission is expected to be the owner.

Three months ago there was public criticism in the UK of the British Government's decision to provide aid of £131m to cover all the import costs, and some local costs, of a power station supplied by GEC Turbine Generators for Bharat Aluminium in India.

The two orders, for the helicopters and the power station, will be taking up a large part of the UK's annual £120m aid grant to India and may prevent tenders for other projects receiving aid support.

Westland's first big success in India came early last year when it won a £200m navy order for Sea King helicopters equipped with British Sea Eagle missiles.

The company demonstrated its 30 series helicopter, derived from the Lynx, to India a year ago for the offshore and VIP orders. It was taken on proving flights at high altitudes near India's northern border with China, as well as over the Bombay High oilfield on the west coast of India.

Early rival bids from Bell and Sikorsky of the U.S. were not taken up and the battle developed between Westland and Aerospatiale's Dauphin helicopter.

The French improved the Dauphin offer on several occasions and offered, it is believed, to provide the six VIP helicopters free with interest as low as 2 1/2 per cent over 28 years—half the offshore order.

The UK aid was increased from about £55m to £65m after much hard bargaining in the Overseas Development Administration in London about whether aid should be provided for helicopters which will be operated in the offshore oilfields by air force personnel.

There are still believed to be worries in London that the helicopters might be used for military purposes in time of war. The use of the aid was justified on the grounds that Westland will be in line for follow-on business.

The Indian Cabinet gave Westland approval in principle a couple of months ago and financial and technical details are now being negotiated.

Sweeping job cuts at FCA

By William Hall in New York

MR WILLIAM Popejoy, the new chief executive of Financial Corporation of America (FCA), announced yesterday that it is to lay off 1,500 staff, equivalent to a fifth of its workforce, in a bid to create a leaner organisation. The company said it had also put up for sale five company aircraft, 475 company cars and 41 apartments which had been used by company staff.

Under the previous management, headed by Mr Charles Knapp, FCA had grown rapidly into the twelfth biggest deposit-taking institution in the U.S. with assets of over \$30bn.

However, FCA's rapid and controversial growth came to an abrupt halt this summer when it announced a surprise \$107.5m loss, which precipitated a run on its deposits by nervous investors.

Mr Popejoy indicated yesterday that the FCA is going to be a far less flamboyant institution. He said that he and his top executives would take a 20 per cent salary cut.

Iceland pay talks end in deadlock

By KEVIN DONE, NORDIC CORRESPONDENT, IN REYKJAVIK

ICELAND'S political crisis deepened further yesterday as a fresh round of talks between the Government and the striking public sector union ended in deadlock. The Government is expected to face an early vote of no confidence after severe opposition criticism over its handling of the strike.

The week-long strike by 11,000 of Iceland's state and local authority workers has stopped many services on the island. A growing list of controversial pay demands, in the public and private sectors is threatening to wreck the Government's ambitious plan for curbing the nation's chronic inflation.

Inflation has been cut from more than 130 per cent in the first half of last year to about 15 per cent, but public sector workers are now demanding rises of about 30 per cent to compensate for the steep fall in living standards over the last two years.

The strike has closed the island's schools and brought bus and postal services to a halt. The state-run television and radio stations have

been closed, telephone and telex links impaired and action by customs and immigration officials has stopped several vessels from docking at the main ports of Reykjavik and Keflavik.

Flights to the international airport at Keflavik have been delayed by picketing and the future of air services to the island was thrown into confusion yesterday by the walkout of customs men and officials operating security checks.

The public sector union ESRB claims that its members' wages have effectively been cut by more than 25 per cent in the last two years. A pay rise of only 3 per cent was due on September 1 but this has been rejected.

Albert Gudmundsson, the controversial Finance Minister, has inflamed the dispute by stopping wages to striking workers at the beginning of this month and by suggesting that wages should be cut if inflation is to be controlled.

Talks were due to start last night on Government proposals for trading income tax cuts for wage restraint.

Marc Rich settlement

Continued from Page 1

As part of the agreement Marc Rich and Co AG, the Zug, Switzerland-based parent group, and its U.S. operating unit, Clarendon Ltd., each pleaded guilty to 38 counts of making false statements. The U.S. unit also agreed to plead guilty to two charges of evading more than \$48m in federal income taxes.

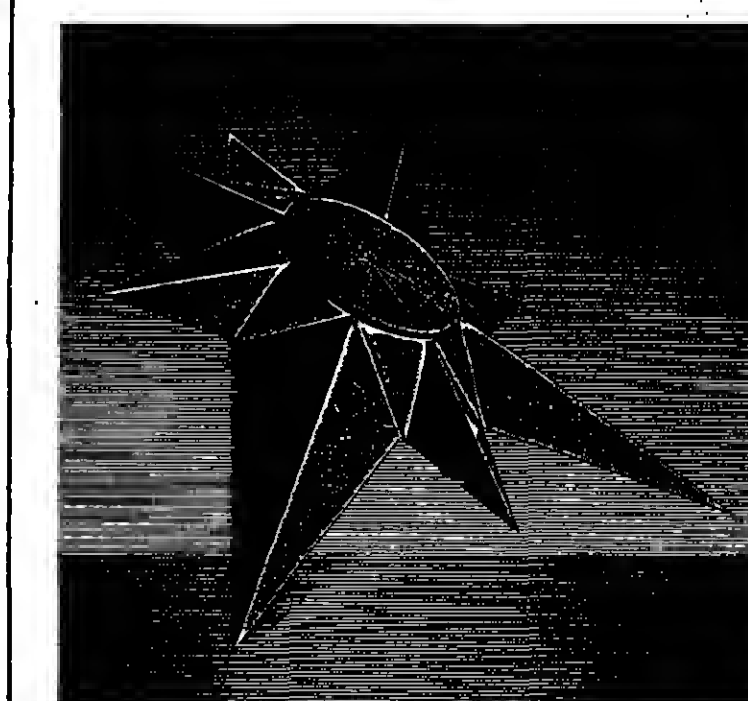
Judge Shirley Kram, accepting the pleas, yesterday fined the two companies a total of \$780,000 and ordered Clarendon to pay \$33,000 in costs.

In addition, the government lawyers said the defendants agreed to pay about \$150m in settlement of the charges, which mostly relate to

allegations that the commodities group evaded \$48m in taxes on illegal oil trading profits, and waive rights to about \$21m in fines already paid by the two companies for refusing to produce documents demanded by the U.S. courts. They said that the settlement also provides for the lifting of certain court imposed restrictions on Clarendon which have severely limited the U.S. unit's ability to operate.

The lawyers told the court that the agreement also covered charges against Mr Clyde Maltzer, an oil trader, who admitted one charge of making a false statement to the U.S. Internal Revenue Service

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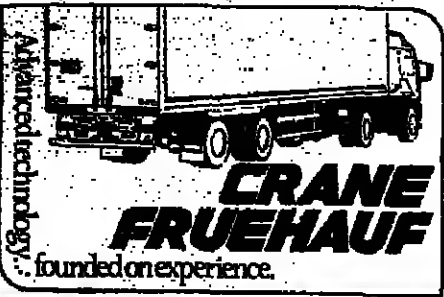
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World Weather		World Weather		World Weather	
City	Temp	City	Temp	City	Temp
Alexandria	21	Bombay	24	London	12
Amman	21	Buenos Aires	18	Los Angeles	18
Algiers	15	Calcutta	28	Madrid	12
Ankara	15	Chennai	28	Mexico City	18
Antwerp	15	Colombo	28	Mumbai	28
Athens	15	Dhaka	28	Nairobi	21
Bahia	22	Delhi	28	Rangoon	28
Bangkok	28	Dubai	28	Reykjavik	12
Barcelona	17	Hong Kong	28	Rome	15
Bombay	28	Kobe	18	Sao Paulo	18
Buenos Aires	18	London	12	Seoul	12
Calcutta	28	Manila	28	Singapore	28
Chennai	28	Osaka	18	Taipei	28
Colombo	28	Paris	12	Tokyo	18
Dhaka	28	Perth	18	Yokohama	18
Delhi	28	San Francisco	12		
Dubai	28	Seattle	12		
Hong Kong	28	Stockholm	12		
Kobe	18	Taipei	28		
London	12	Tokyo	18		
Los Angeles	18	Yokohama	18		
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Reykjavik	12				
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Tokyo	18				
Yokohama	18				

SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday October 12 1984



Honda profit surges aided by dollar climb

BY YOKO SHIBATA IN TOKYO

AN UNEXPECTED fall in the value of the yen against the dollar boosted Honda Motors Group net profits by 33.7 per cent to ¥380bn (\$234.3bn) in the first half year to August 31. Consolidated sales reached ¥1,348.4bn up 12.4 per cent over the same period in the previous year.

cars, sales in money terms improved by 12.9 per cent to ¥386.6bn. Sales of power products surged by 35.5 per cent to account for 8.9 per cent of turnover, helped by the success of the new "All Terrain" cycles - the so-called three-wheel buggy - and lawn mowers in the U.S.

IBM has 21% rise in third quarter

By Paul Taylor in New York

IBM, the world's largest computer manufacturer, yesterday reported increases of more than 21 per cent in third-quarter and nine-month net earnings, but said the strength of the U.S. dollar was seriously affecting earnings and gross income.

Mixed performances for big U.S. bank groups

BY PAUL TAYLOR IN NEW YORK

CHEMICAL New York and Security Pacific yesterday became the first of the leading U.S. banks to report their eagerly awaited third-quarter earnings - results expected to be extremely mixed, reflecting the impact of higher loan charge-offs and bigger loan loss provisions.

Both banking groups reported higher net earnings. Although Chemical, the sixth largest U.S. banking group in terms of year-end assets, reported a slight decline in earnings per share reflecting higher dividends on adjustable-rate preferred stock and additional common shares outstanding.

Security Pacific's latest results lifted its nine-month net earnings to \$211.3m or \$5.74 a share from \$193.7m of \$5.31 a share in the same period last year.

Defence groups boost results

By William Hall in New York

LOCKHEED, the U.S. aerospace and defence contractor, is continuing its rapid recovery with a 49 per cent surge in third-quarter earnings to \$68.1m. It has taken on another 9,200 workers since the beginning of the year to cope with its growing order backlog.

Intel earnings up but growth slows

BY LOUISE KEHOE IN SAN FRANCISCO

THE extraordinarily rapid growth of U.S. semiconductor sales over the past year is slowing down, according to Mr Andrew Grove, president of Intel. Announcing the company's third-quarter results, Mr Grove said that the balance of supply and demand in the semiconductor industry was returning to normal after a period of serious shortages.

Management buyout of Formica

By Our New York Staff

AMERICAN CYANAMID, the U.S. pharmaceuticals, chemicals and consumer products group, has agreed to a \$200m management buyout of its Formica Brands business, the world's biggest decorative laminate producer.

City Investing sells motel unit

BY PAUL TAYLOR IN NEW YORK

CITY INVESTING, the diversified New York-based group that is in the process of liquidating its assets, has agreed to sell its Motel 6 to an investor group headed by Kohlberg, Kravis, Roberts (KKR) for \$565m in cash.

The agreement comes two weeks after City Investing's board formally accepted a \$1.25bn offer from an investor group led by KKR and Merrill Lynch capital markets for three of its other main operations, Rheem Manufacturing, World Color Press and Varco. At the same time

the board called a special December 12 shareholder meeting to vote on a plan of liquidation.

Raytheon said that its backlog of funded U.S. Government orders rose by \$1bn to \$4.35bn compared with a year ago. Total orders on hand amounted to \$6.69bn compared with \$5.66bn a year ago.

IRELAND DM 150,000,000 8% Bearer Bonds of 1984/1994. Includes logos for various banks like COMMERZBANK, S.G. WARBURG & CO. LTD., DEUTSCHE BANK, DRESNER BANK, WESTDEUTSCHE LANDESBANK, etc.

U.S. \$100,000,000 Province of Manitoba (CANADA) 12 1/2% Debentures due October 10, 1994 Series AM. Includes logos for various banks like Union Bank of Switzerland, Banque Nationale de Paris, CIBC Limited, etc.

INTL. COMPANIES & FINANCE

Brierley bid for NZPAL cleared

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S Examiner of Commercial Practices has given the go-ahead for Brierley Investments to proceed with its NZ\$33m bid for control of New Zealand Press Association Limited (NZPAL).

Zealand News, is bitterly opposed by most of the newspaper publishing companies in the country. Mr Michael Horton, a director of Wilson and Horton who publish New Zealand's largest circulation daily, the NZ Herald, described the bid as "threateningly insolent."

publishers who between them own both NZPAL and NZPA Services, was that the Reuters stake presently held—about a quarter of the original holding of 2.77 per cent was sold at the time of the flotation—would be retained until at least 1986.

Further lending to Argentina questioned

By William Hall in New York

MANY OF the smaller banks among the 320 international banks that have lent money to Argentina may be unwilling to put up "new" money as part of the planned Argentine rescue and are considering forgiving interest payments temporarily as a solution to the country's financial difficulties.

Keefe, Bruyette & Woods, the New York brokerage firm that specialises in bank stocks, says in its latest study of U.S. banks that banks would be "throwing good money after bad" if they put up new money as part of the planned rescue package which will be discussed in New York next week.

Other industry analysts confirm that apart from the top dozen banks in the U.S. there are serious differences of opinion within the U.S. banking community about the wisdom of lending any more money to Argentina at present.

The U.S. brokerage firm, whose views on the industry are generally widely respected, says it would make more sense for banks to forgive interest payments temporarily and place their Argentine loans on a non-accrual basis and keep outstanding balances constant.

The firm, which has recently sent analysts to Argentina to talk with U.S. regional banks as well as the money centre banks, says it is likely that some of the regional banks will not provide new money as part of the planned \$20bn rescue package under discussion if there is any evidence that:

- Public-sector Argentine loans are not restored to a full-accrual basis;
There is no demonstrable improvement in Argentina's internal economy;
Argentine debt is classified as substandard by U.S. bank regulators.

Keefe Bruyette concludes that the "cessation of interest accrual on Argentine debt is not a material event for all but a handful of banks and even these few banks can readily contain the problem, albeit at the cost of disappointing profitability."

On an annualised basis the non-accrual of interest on Crocker's Argentine exposure would have the effect of reducing its 1983 earnings by 67.9 per cent and in the case of Manufacturers Hanover it would depress its 1983 earnings by 31.8 per cent.

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*The trading symbol AIG is assigned to the company's common stock; the company's Series B, \$5.85 cumulative convertible preferred stock is listed by the trading symbol AIG Pr B.

Earnings up 35% at Wattie Industries

By Our Wellington Correspondent

NEW ZEALAND'S food conglomerate, Wattie Industries, has increased its net profit by 35 per cent to NZ\$46.4m (U.S.\$22.6m).

Wattie's share of earnings from associated companies, such as Goodmans and NZ Forest Products, provided a healthy NZ\$21.8m. Wattie's own half of Dominion Industries, which owns 24 per cent of NZFP, generated turnover of NZ\$42.4m, up 11 per cent.

Barclays Bank helps set up Malaysian credit group

BY WONG SULONG IN KUALA LUMPUR

BARCLAYS BANK International of the UK has teamed up with United Motor Works, the major Malaysian heavy equipment and car distributor, to set up a credit company which will provide consumer financing facilities for motor vehicle purchasers.

The company, Umex Kredit, has a paid-up capital of 5m ringgit (US\$2.1m) in which Barclays holds 30 per cent.

UMW distributes Komatsu tractors and Toyota cars and commercial vehicles, and its annual turnover exceeds 1bn ringgit.

Heavy Industries Corporation of Malaysia to take up a 30 per cent stake in Eon, the company which has the sole franchise in distributing the Malaysian national car.

Mr Mat Shah Safuan, a fast-rising Malay property developer, has finally won control over a publicly listed vehicle through the purchase of a 51.8 per cent stake in Kesang, for almost 45m ringgit. He has reached agreement with Datuk Choo Ching Hwa, a prominent Chinese politician and businessman, for the purchase of 9.85m Kesang shares, representing 41.65 per cent of the company, for 34.47m ringgit or 3.5 ringgit a share.

Oriental Holdings reverse

BY OUR KUALA LUMPUR CORRESPONDENT

ORIENTAL HOLDINGS, the distributors of Honda cars in Malaysia, experienced a 22 per cent fall in operating profits to 29.6m ringgit (U.S.\$12.7m) for the six months to June although turnover rose by 20 per cent to 261m ringgit.

many cars as possible before the launching of the made-in-Malaysia car next October. Earlier, the other car distributors, Tan Chong (for Nissan Cars) and United Motor Works (Toyota cars) also reported slim profit margins on sales.

N. AMERICAN QUARTERLY RESULTS

Table with columns for various companies (AMERICAN NATURAL RESOURCES, COAL INDUSTRIES, HILTON HOTELS, BANK OF NEW YORK, K-SYSTEMS, REPUBLICBANK, CONSTANTINE Building materials, GANNETT) and rows for 1984 and 1983 quarterly results (Revenue, Net profit, Net per share).

PERSTORP, the Swedish chemicals company, has announced a 30 per cent rise in profits to SKr 325m (\$37.3m) for the 12 months ending August helped by strong foreign sales.

Earnings at Perstorp up

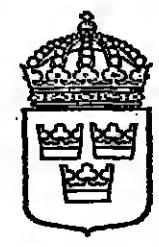
By David Brown in Stockholm

PERSTORP, the Swedish chemicals company, has announced a 30 per cent rise in profits to SKr 325m (\$37.3m) for the 12 months ending August helped by strong foreign sales.

Alfa Laval profits drop

By Our Stockholm Correspondent

ALFA LAVAL, the Swedish farm equipment and process engineering group, reports a 33 per cent drop in earnings for the first eight months ending in August because of a declining market for almost all its industrial and agricultural products.



£100,000,000 Kingdom of Sweden 11 per cent. Loan Stock 2012 Issue price £91.976 per cent.

The issue has been oversubscribed and the basis of allotment is as follows:-

Table with columns: Nominal Amount Applied For, Allotment. Rows: Up to and including £250,000 (In full), Over £250,000 (57.0 per cent. (with a minimum of £250,000))

The first interest payment, payable on 15 July, 1985, will amount to £4,370 per £100 nominal amount of Stock (less, where applicable, United Kingdom Income tax).

The Stock has been admitted to the Official List of The Stock Exchange for quotation in the Gilt-edged market. Dealings will begin today, Friday, 12 October, 1984, for deferred settlement on Thursday, 18 October, 1984.

Morgan Grenfell & Co. Limited on behalf of Kingdom of Sweden

12 October, 1984.

Advertisement for Bankers Trust New York Corporation, U.S. \$150,000,000, 12% per cent Notes Due 1989. Includes list of banks and financial institutions.

UK COMPANY NEWS

Farnell climbs to £8.8m halfway

Farnell Electronics, an electronic component distributor and electronic equipment manufacturer, raised pre-tax profits from £6.96m to £8.75m in the half year to July 31, 1984, on turnover of £37.26m, against a restated £28.5m.

The result included other income of £0.4m (£0.6m). After tax of £4.08m, against £3.63m, net profits were ahead from £3.55m to £4.67m. Stated earnings per 5p share were 3.7p (3.4p), while the net interim dividend is effectively raised by a third to 0.8p (0.6p)—last year, a total equivalent to 1.5p was paid on 115.7m taxable profits.

The group's main distribution business has been affected by a shortage of semi-conductor devices which was apparent throughout the period, but now appears to be easing, the directors state.

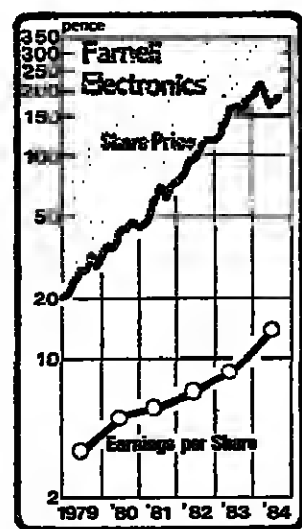
"The manufacturing division has been consolidating the 'tremendous growth' which was made during the previous year, they say and the electronic wholesale side has been affected by the minor dispute, but nevertheless has managed to increase its turnover during the period.

The building of a further warehouse and packing area for Farnell Electronic Components was started recently and the building of 45,000 sq ft should be complete by spring next year, to continue the expansion on that which will enable the company site for some years to come. The extensions and improvements at the factory in Wetherby are being fitted-out and the new factory which will house the company's printed circuit manufacturing facilities on the Boroughbridge site is expected to be completed in January.

Turnover for the corresponding period of 1983 has been restated in line with the change in accounting policies described in the last annual accounts.

Dividends for the half year absorb £998,000 (£747,000) leaving retained profits up from £2.9m to £3.67m.

In current cost terms, the wholesale balance was £3.29m (£2.4m) and earnings per share were shown at 3.4p (3p).



comment The market has been marking down electronics components manufacturers and suppliers in time with the signs of gradual

deceleration in industry demand. Yesterday Farnell Electronics fell 9p to 176p, not so much because its results were a shade short of the highest expectations but more because the group hinted that demand was not what it was a year ago. That implies that group sales, which grew 40 per cent last year, may post perhaps a 30 per cent increase this year. This leaves the distribution business in a strong position since it is less exposed to cyclical influences than some competitors, because Farnell is a small-batch distributor rather than a bulk supplier. The manufacturing operations which suffered from the turmoil of reorganising a new factory in the first half should perform smoothly in the second, but demand is again a little less buoyant than a year ago. The group should bear £30m pre-tax this year, which on a 45 per cent tax charge puts the shares on a rating of over 20. At this level they will, no doubt, continue to underperform the market but should be one of the more resilient members of their sector.

Engineering setback at Steel Brothers

A FALL in taxable profits from £11m to £5.51m was suffered by Steel Brothers Holdings over the first six months of 1984 on turnover ahead by nearly £5m to £57.91m.

The company, which is engaged in construction, food stuffs and manufacturing, says its reduced contributions of £94,000, against £225,000, and general trading down from £194,000 to £23,000, offset "material improvements" by North American-based businesses.

The directors say that operations on the other side of the Atlantic experienced better market conditions and at the same time reduced borrowing costs.

Food and catering activities, which returned £1.72m compared with £3.69m, held their own in regions affected by the slowdown in economies as a result of the international supply situation. An unchanged interim dividend of 4p has been declared. Last year's final payment was 9p, paid from taxable profits of £1.5m.

First half profits were struck after lower interest payable of £252,000, against £106m, and a major increase in depreciation of £2.06m compared with £1.94m, and included investment and other income of £191,000 (£200,000).

Net profits for the period came out at £3.6m (£3.8m) after tax payable of £1.91m (£1.73m).

Looking ahead, the directors say the gradual improvement in the market in operation areas in North America has continued, and food and catering activities are maintaining growth and have obtained new catering contracts both at home and overseas.

Telephone Rentals ahead but warns of slowdown

Telephone Rentals, communications group, raised pre-tax profits by some 6 per cent from a restated £8.37m to £8.76m for the first half of 1984, with a major part of the improvement coming from its overseas companies. But for the year as a whole, the board warns that the result will not be materially different from 1983.

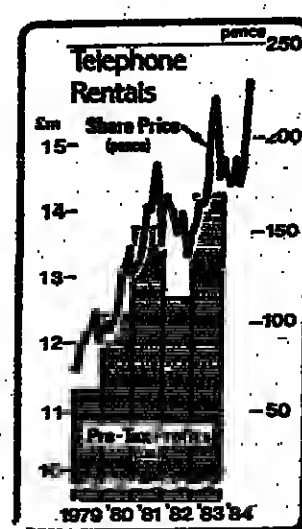
Full year earnings per 25p from a lower tax charge. Mid-term earnings were up from £7.75 to £8.19, after reduced tax of £1.67m, against £1.89m. The lower charge was as a result of the higher level of rental installations and the cut in the rate of UK tax contained in the Finance Act 1984.

Comparative figures have been amended to reflect variations in foreign exchange rates during that year.

The interim dividend is stepped up from 2p to 2.25p net—last year, a total of 2.75p was paid on £14.22m (£12.73m) pre-tax profits.

Turnover for the six months increased from £26.88m to £24.95m, comprising £17.74m (£16.05m) rental and £17.21m (£16.52m) sales.

The directors for the period included completion of a number of large scale orders carried over from 1983 when margins were under pressure.



from British Telecom's pricing policies. The liberalisation programme is moving more slowly than anticipated and there are still major areas of the telephone network where the company has not been able to compete. In addition, the increased cost incurred in the company's sales and engineering departments to meet the new markets have not

yet been balanced by the level of orders secured. By the beginning of 1985, it is expected that further significant products will be available to the group to improve this situation. Depreciation charged for the half year was up from £3.96m to £4.67m.

comment Follow-up of the revolution in telecommunications will require those figures from Telephone Rentals as another example of a turnaround. The 19p slump in the shares to 112p is the reflection of patience unrewarded, but might be unjustified for all that. One result of liberalisation has evidently been that British Telecom has been finding its weight around as a buyer of both branded and unbranded cables in particular. But the pressure must surely ease in the long run and Telephone Rentals is in addition over the hump in terms of a conservative assumption of unchanged full year profits, the shares on a 25 per cent tax charge rate on a prospective multiple of 15.15 can be justified on the grounds that someone has to win from the changes in the telecommunications market. As an established supplier, TR is a strong candidate—either on its own or, falling that, in the hands of someone else.

GUS sells major stake in Empire Stores

Great Universal Stores, the British retail group, has sold a major part of its 29.9 per cent holding in Empire Stores (Bradford) to three months inside the deadline set almost two years ago by the Office of Fair Trading.

The stores group now has 12.7 per cent and disclosed yesterday that it had sold 5.04m shares from its holding to Vender, formerly known as Vroom en Dreesman, the largest specialist retail group in the Netherlands. The Dutch company paid 97p each for the shares in contrast with GUS's average buying price of 110p.

Empire agreed a bid, then worth the equivalent of £37m, with GUS in April 1982 on the basis that a combination of the bidder's British Mail Order Corporation and Empire's own catalogue mail order interests would have amounted to a 46 per cent stake in the British mail order industry, the offer was referred to the Monopolies Commission and then blocked.

It was a condition of that Monopolies Commission's verdict that GUS should divest to under 10 per cent by January 1985 and should not, in the meantime, vote more than a 10 per cent interest. GUS has not quite reached to the required level but Mr Harold Brown, chairman of GUS, said yesterday he was certain that the terms of the divestment would be "satisfactory to the Office of Fair Trading and the Secretary of State."

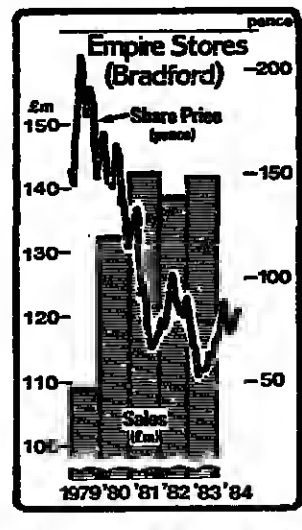
GUS has been adamant for much of the intervening months that it should not be forced to sell shares at a capital loss but the group finally decided to write down its Empire holding in its last accounts and the declared disposal price showed a "good increase over the figure now in the books, Mr Brown said.

Mr John Gratwick, chairman of Empire, said yesterday that he did not feel that Vender would mount a bid. They have minority stakes in a lot of companies, I am very pleased this share stake has gone into the hands of Vroom en Dreesman," he said.

The Netherlands company is not the first to show interest in Empire since GUS was blocked. Sears Holdings, the Sevenson and British Shoe Corporation group, proposed a merger, valued at 80p per Empire share, in a simultaneous link with Grattan, a rival mail order house.

That proposal was finally rejected by Empire, although agreed by Grattan, but two connected private Italian companies, Scelfo and Scelfo, have since acquired shares and now account for an aggregate holding of 20 per cent in Empire.

Mr Gratwick reports that Empire Stores continued its improvement during the 25 weeks ended August 11 1984 and turned round from losses of £866,000 to profits of £271,000 for the period.



comment The half time figures from Empire must rate somewhere between unexciting to disappointing but what stirred the shares into action, closing the day 6p up at 92p after an earlier setback, was the news that GUS had unloaded a large part of its Empire holding to a Dutch retail group, Vender International. The initial reaction was that a bid might follow and yet that seems to be the least likely outcome to yesterday's news. The Dutch company has minority shareholdings in retailers as far afield as Japan and Brazil and while it has a small mail order business of its own the Dutchmen are unlikely to have sufficient expertise to make more of the Bradford company, either through some joint venture or outright takeover. Anyway with significant Empire shareholders now in Holland and Italy as well as at GUS, putting together a bid with any hope of success looks belittlingly complicated. Meantime the trading performance of Empire hardly justifies the putting. The latest catalogue sounds like a bit of a disaster and profit expectations must be trimmed to £3m to £3.5m for the year. While there are nagging doubts as to Empire's ability to compete with the giants of the industry a p/e of 17.3 (on £3m) looks far too high.

He tells shareholders that there will be a further improvement in the results for the full year and means a restoring interim dividends with a net payment of 0.5p.

Since the issue of the autumn/winter catalogue demand has been disappointing. However, there has been some recovery over the last few weeks.

For the 1983-84 year as a whole the group swung from losses of £1.5m to profits of £1.5m.

Harvard coming to OTC market

BY WILLIAM DAWKINS

MICHAEL BARRATT, the former Nationwide television presenter, enjoyed investors yesterday to put up £1.1m for Harvard to enter the OTC market.

Mr Barratt was the centrepiece of a slick presentation, accompanied by video and electronic equipment. The deal in shares, both as agents and principals, took members of the Stock Exchange operating on a single capacity basis.

Harvard estimates that taxable profits in the year to last September rose from £80,000 to £1.25m, putting the offer price on an earnings multiple of 10.4, £1.9m net of expenses for the

company. None of the directors, who will end up with 70 per cent of the equity, are selling shares.

Licensed dealers will make a market in Harvard's shares. Afor Investments, Baynard Securities, N. K. Cosgrove and Company and Prior Harwin are the licensed dealers. The offer, which capitalises on the forthcoming quotation on the over-the-counter market.

Harvard will be the third licensed dealer to have its equity quoted on the OTC. It is offering for subscription 5m new shares—20 per cent of the total—at 42p each. The offer, which capitalises on the forthcoming quotation on the over-the-counter market, is £1.9m net of expenses for the

The group claims to be the biggest licensed dealer in the UK and makes a market in 72 stocks, including 19 shares quoted on the OTC. Over the past three years, it has sponsored 23 issues, which have raised a total of £18.5m.

Mr Ian Wilton, the chairman, says that the OTC market will be used to enlarge its market making activities and acquire equity stakes in companies too small to be listed on the main market.

The prospectus warns that Harvard's growth depends, among other things, on the continuing services of Mr Wilton, who has taken out insurance for £1.5m.

John Maunders advances 67%

John Maunders Construction, the building and estate developer, raised pre-tax profits by 67 per cent from £0.97m to £1.62m in the year to June 30, 1984 and return on turnover was up from 0.4 per cent to 10.8 per cent.

Turnover rose from £10.3m to £15m—an increase of over 45 per cent, and completion of new projects advanced by 27 per cent on the previous year. These figures are a record for the group, which at the interim stage reported pre-tax profits almost double last year's £1.0m.

Mr John Maunders, the chairman, says that with sales currently ahead of last year, the group looks forward to continued growth and profitability.

As foreshadowed, a final dividend of 2p net makes a total payment of 4p (0.93p) per 20p share, compared with the 3.5p quoted in the prospectus last June. Earnings per share improved from 16.7p to 17.1p.

Last year, Mr Maunders indicated that the principal aim would be the further expansion of the group, the continued

acquisition of prime building sites and the completion of a £1.5m target of over 500 units and a presence in the south of England. He now reports that these objectives "have been achieved" and that the group is now in a position to complete 650 units in the current year.

Maunders Homes (South West) with offices in Weston-super-Mare is currently investing several prime building sites. In addition, the subsidiary, Haven Retirement Homes has made excellent progress and will shortly be marketing luxury retirement apartments within the group's area of operations.

Operating profits climbed from £1.15m to £1.85m, before investment income of £72,000 (£88,000) and interest payable up to £237,000 to £288,000. Tax took £598,000 (£216,000) leaving an attributable balance of £1.02m, against £752,000. Dividends absorb £239,000 (£14,000).

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comment John Maunders has had a tough time convincing the market of its virtues since its spectacular

Westwood restructures capital

MR JEFFREY RUBINS, a former stockbroker who over a year ago was appointed chairman of Westwood Entertainment, is to become non-executive chairman of Westwood Dawes and inject funds as part of a wholesale capital reorganisation.

Westwood, a loss-making manufacturer of rollers and pulleys for advanced belts and based in Stourbridge, is raising £393,750 through a rights issue, a share placing and the purchase by Mr Rubins of a 29.5 per cent stake through subscription to new shares.

Mr Roger Allsop, a Westwood director who introduced Mr Rubins to the company, said the new capital would reduce the company's debts and enable it to expand both inside and outside its existing business.

Westwood did not say what new areas it was targeting.

Under Mr Rubins' chairmanship, Westwood acquired an optical group in 1983 and this year bought Palan Entertainment, a company selling media rights for cinema, video and television. Palan's owner, Mr Paul Levinson, then became Westwood's chairman.

Westwood, which has made a loss every year since 1980, this year closed a division making conveyor equipment for the quarrying industry in order to concentrate on the roller and pulley business, much of which comes from replacement of parts in existing belt systems. Its payroll dropped from about 150 people to 47.

In the reorganisation, the par value of Westwood's shares will be halved to 12.5p. Mr Rubins and associates will subscribe to 1.3m new shares at par, giving them 29.5 per cent of the enlarged capital.

Westwood's existing 25p par-value shares rose 5p to 27p.

Mr Allsop said that he would be no tie-up with any of the subsidiaries of Westwood, and that Mr Jeremy Westwood, now chairman, and his son Simon would remain as directors.

The capital reorganisation is conditional upon the Takeover Panel not requiring Mr Rubins to make a full bid, and the results of an accountants' inspection of Westwood's finances.

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Druck advances to £1.4m and order book up 50%

Druck Holdings achieved a 32 per cent increase in full year taxable profits from £1.04m to £1.36m on higher turnover of £5.76m compared with £4.23m. Current group orders are running 50 per cent ahead of last year.

Shareholders of this USM group, which is a holding company with interests in electronic pressure devices, are being rewarded with a higher recommended final dividend of 1.7p (1.5p), lifting the total payout to 2p (2.0p).

Druck incorporated made the most significant contribution to export sales with its turnover doubling to £1.4m (£1.1m). The French subsidiary, Parametres, also showed a "substantial increase" in sales of Druck products.

Mr Salmon says that the company had to once again reorganise and expand its resources to cope with increased demand on all departments. A refurbishment of a new 5,000 sq ft production area for the final manufacturing stages of pressure transducers was completed.

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Roberts Adlard profits lower at £475,000

Although turnover of Roberts Adlard, builders' merchants and roofing contractor, rose from £8.55m to £9.15m in the half year to June 30, 1984, pre-tax profits were lower at £475,000, against £513,000.

Trading activity in the second half continues at a satisfactory level, but it is unlikely that last year's record £1.19m profits will be achieved.

General tax of £10,000 (£215,000) earnings per 25p share were down from 6.31p to 6.52p. The net interim dividend is held at 2p, costing £96,000 (same)—last year's final was 4p.

Gold mining companies managed by

Golden Dumps

(PROPRIETARY) LIMITED

Reports of the directors for the quarter ended 30 September 1984

CONSOLIDATED MODDERFONTEIN MINES LIMITED		SOUTH ROODEPORT MAIN REEF AREAS LIMITED	
(Incorporated in the Republic of South Africa)		(Incorporated in the Republic of South Africa)	
Issued share capital: R1 072 000		Issued share capital: R6 600 482	
Divided into 21 440 000 ordinary shares of 5 cents each		Divided into 1 562 715 ordinary shares of 50 cents each	
OPERATING RESULTS			
Quarter ended 30.9.1984		Quarter ended 30.9.1984	
Underground	109 021	102 807	102 807
Gold recovered - kilograms	862.4	652.2	652.2
Yield - grams per ton milled	8.29	6.31	6.31
Revenue - per ton milled	R105.20	R59.58	R59.58
Working costs - per ton milled	R62.12	R62.12	R62.12
Working profit - per ton milled	R43.08	R-2.54	R-2.54
Gold price received - per kilogram	R198.77	R198.77	R198.77
Working costs - per ounce	R340	R339	R339
Working profit - per ounce	R64.4	R64.4	R64.4
Surface material	4914	2188	2188
Sand treated - tons	72	57	57
Yield - grams per ton milled	1.40	1.16	1.16
FINANCIAL RESULTS (R000)			
Quarter ended 30.9.1984		Quarter ended 30.9.1984	
Underground	11 884	10 377	10 377
Revenue from gold and silver	4 556	4 373	4 373
Working costs	6 576	6 004	6 004
Surface material profit	46	37	37
Sundry revenue	120	88	88
Operating profit	6742	6129	6129
Net interest received	747	953	953
Capital expenditure	3 244	2 757	2 757
Available profit	4 202	3 836	3 836
DEVELOPMENT			
Venterdorp Contact Reef			
Advanced - metres	1 102	891	891
Sampled - metres	244	284	284
Feasible - metres	54	158	158
Channel width - centimetres	138	122	122
Average value - grams per ton	1 852	603	603
Average value - centimetres grams per ton	1 852	3 418	3 418
Kimberley Reef			
Advanced - metres	1 487	1 345	1 345
Sampled - metres	526	418	418
Feasible - metres	112	122	122
Channel width - centimetres	128	89	89
Average value - grams per ton	63	85	85
Average value - centimetres grams per ton	63	757	757
CAPITAL EXPENDITURE			
The unexpended balance of capital expenditure authorised by the Board at 30 September 1984 was R4 386 000. This includes an amount of R2 137 000 for the No. 1 Circular Shaft.			
T. L. GIBBS Directors		H. B. MILLER Directors	
12 October 1984		12 October 1984	

ROTHSCHILD ASSET MANAGEMENT (CI) LIMITED

St. Julian's Court, St. Peter Port, Guernsey 0481 26741/26331

OLD COURT CURRENCY FUND LIMITED

	£	Yield
Sterling	10.40	9.44%
Australian Dollar	AS 15.624	7.72%
Canadian Dollar	CS 20.924	10.38%
Dutch Guilder	DFL 51.015	4.73%
Danish Krone	DKR 156.042	9.62%
Deutsche Mark	DM 43.817	4.43%
Belgian Franc (FIN)	BFR 135.71	9.53%
French Franc	FFr 104.75	9.93%
Hong Kong Dollar	HKS 105.104	9.01%
Italian Lira	L 26,526	14.71%
Singapore Dollar	S\$ 31.035	7.32%
Swiss Franc	Sfr 30.391	7.32%
US Dollar	\$ 15.69	10.16%
Japanese Yen	Y 3,582.44	5.01%

Daily Dealings

The Lombard 14 Days Notice Deposit Rate is 10 5/8% per annum

The Lombard Cheque Savings Rates are 10 1/8% per annum and 8 1/8% per annum

Lombard North Central

17 Bruton St. London W1A 3DH.

For details phone 01-409 3434 Ext 484

"Satisfactory" results at Clive Discount

The directors of Clive Discount Holdings, discount house, say results have been satisfactory in the current year ending March 31, 1985.

Rates during the period rose from 6.5 per cent to 12 per cent and have subsequently fallen to 10.5 per cent creating very volatile markets, they report.

The net interim dividend is unchanged at 1.4p per 20p share—last year's total was 3.6p

LADBROKE INDEX

Based on FT Index

363-872 (+7)

Tel: 01-427 4411



The Chase Partnership at work with Rank Xerox in London in front of the new 10/20 copier. Shown from left to right: Michael Dunsmore, UK Electronic Banking; Mr Garry Thomas, Director, Tax Treasury and Accounting, Rank Xerox; Mr Vaughn Richter, Senior Treasury Dealer, Rank Xerox; Mr Reg Sellers, Group Treasurer, Rank Xerox; Christopher Rocker, UK Corporate Manager; Carol Moore, UK Electronics Division.

**Rank Xerox found
it takes more than
state-of-the-art technology
to deliver
the world's most effective
electronic banking system.**

**It takes
The Chase Partnership.**

Chase is the leader in applying state-of-the-art technology to your business needs. But we've never lost sight of the fact that technology, by itself, simply isn't enough. The Chase Partnership works with you, bringing our team of experts together with yours, to apply the most relevant electronic banking techniques to meet your specific needs. It's the combination of technical excellence, global industry understanding and close collaboration that makes the Chase Partnership work for you.

**The
Chase Partnership**



Product Innovation Advanced Technology Service People Global Network Electronic Banking

Maunder's homes for good living

Preliminary Profit Statement for the year ended 30 June 1984

Turnover up 45%
Pre-tax profit up 67%

Announcing record results, Chairman John Maunder says: "With sales currently ahead of last year, we look forward to continued growth and profitability for the Group."

	1984 £'000 (Unaudited)	1983 £'000
Turnover	15,000	10,336
Profit before Tax	1,618	968
Taxation	598	216
Profit after Tax	1,020	752
Earnings per share	17.1p	16.7p
Dividend per share	4.0p	0.9p

Copies of the 1984 Annual Report and Accounts will be obtainable from the Secretary from 26 October 1984

John Maunder Construction p.l.c.
Development House, 30 Crofts Bank Road,
Urmston, Manchester M31 1UH.



TO THE HOLDERS OF THE EUROPEAN BANKING TRADED CURRENCY FUND LIMITED INCOME SHARES IN CONTINENTAL DEPOSITARY RECEIPT FORM

The Directors of the above fund have declared the following interim dividend per share for the financial period ended 30th September 1984, payable on 31st October 1984 in respect of shares in issue on 30th September 1984:-

US Dollars 0.6277 per share against coupon No. 1.

Shareholders should send their coupons to
Amsterdam Depository Company N.V., Spuistraat
172, 1012 VT, Amsterdam.

EBC Trust Company (Jersey) Limited
Secretary

Dated 5th October, 1984.

Granville & Co. Limited

Member of The National Association of Security Dealers
and Investment Managers

27/28 Lovat Lane London EC3R 9EB Telephone 01-421 1212

Over-the-Counter Market

1983-84	Company	Price	Change	Gross Yield	Fully
High	Low	div. (p)	%	Actual	taxed
142	120	139	4.5	8.1	16.8
158	117	142	6.6	7.0	11.2
78	54	54	11.6	5.8	7.2
40	21	40	2.9	7.3	5.6
132	57	124	3.4	2.7	12.5
58	42	44	3.5	8.0	8.1
201	173	174	12.0	6.9	—
152	117	118	15.7	13.3	—
680	100	680	2.7	6.6	—
243	92	92	—	—	—
73	45	73	8.5	8.9	7.6
240	75	240	—	—	12.2
206	75	206	9.8	4.7	8.9
69	25	69	4.3	17.2	—
28	26	28	—	—	2.5
218	201	218	2.7	8.6	11.4
240	200	240	15.6	7.5	7.9
134	81	134	7.3	4.6	16.1
245	213	245	1.2	5.8	8.7
92	83	92	12.9	14.1	—
147	100	147	3.1	0.8	3.1
100	76	100	15.6	15.6	—
170	40	170	20.0	80.6	4.7
424	365	424	5.7	14.3	21.0
72	40	72	7.5	9.1	2.2
26	17	26	1.3	8.3	16.6
82	65	82	7.5	9.1	2.2
276	230	276	17.4	7.0	8.5

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Concord House
241 City Road
London EC1
Tel: 01-253 1200

Concord - One of the Rotaflex businesses

BOOSEY & HAWKES plc

The result of the poll taken on the Ordinary Resolution at the Extraordinary General Meeting held on 8th October 1984 at the Berners Hotel was as follows:

2,672,452 votes in favour, representing 57.37% of eligible voting rights

948,073 votes against, representing 20.35% of eligible voting rights

The Resolution was therefore carried.

UK COMPANY NEWS

MINING NEWS

W. Mining aids BP with Olympic Dam study cost

By KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Western Mining has agreed to provide some A\$40m (£27.2m) of the sharply increased cost of the feasibility study for the huge Olympic Dam copper-uranium-gold project in South Australia in which the company holds 51 per cent and British Petroleum has the remaining 49 per cent.

Originally, BP was to provide the full estimated cost of A\$650m (in 1978 dollars) for the pre-commitment study, but the cost has now escalated to about A\$150m. In view of this Western Mining is to provide 51 per cent (A\$40m) of the funds required in excess of A\$75m.

Western Mining discovered the Olympic Dam deposit after the completion of the construction phase.

While much must depend on market conditions at the time, it is possible that operations at a rate yet to be determined will be concentrated on the parts of the property where higher than average gold grades are known to exist.

This is suggested by the dis-

closure in Western Mining's annual report for the year to June 1984 that towards the end of the period some of the underground development work "was in areas where higher gold values were intersected during earlier surface drilling."

Meanwhile, Western Mining, which is Australia's largest producer of gold as well as being in the world nickel league, lifted group gold output by 19 per cent in the past year and now reaping benefits of the start-up this year of the Etawell joint gold venture in Victoria.

The company should thus earn more from gold in 1984-85, but nickel prospects are less bright. Mr Arvi Parbo, the chairman, points out that nickel prices remain depressed despite indications that 1984 "will be the second or third highest year of demand ever."

At 214p to show a dividend yield of only 1 per cent the shares, as ever, seem quite high enough. But they maintain a faithful following of long-term investors, especially those Down Under.

MINING NEWS IN BRIEF

Australia's North Broken Hill Holdings looks for better prospects in the current year to next June given a continued improvement in economic conditions.

Consolidated net profit for 1983-84 was 2.9 per cent down at A\$31.3m (£21.2m) but there was also an extraordinary loss of A\$64.6m which largely reflected a write-down of goodwill on the acquisition of 52% Industree. The dividend total was raised to 8 cents from 8 cents.

The 1,160 black workers at the Gencor group's Marler gold mine in South Africa who failed to report for the week earlier this week have now returned. A workers' delegation told the management on Monday that it was dissatisfied over pay. A Gencor spokesman said that the matter is now under investigation.

Mr Francis Kaunda, chairman of Zambia Consolidated Copper Mines (ZCCM), has been stressing the need for Zambia to diversify its economy away from copper against the day—still many years off—when the great mining of the Copperbelt declines.

Meanwhile, ZCCM has started an ambitious agricultural project. It is intended to grow wheat on 5,000 hectares under irrigation and the need for Zambia to diversify its economy away from copper against the day—still many years off—when the great mining of the Copperbelt declines.

A first quarter's gold production of 6,188 oz has been obtained from the revived operations at the old Sons of Gwalia mine near Leonora in Western Australia. The deposit is new on a quarterly production basis of around 9,000 oz.

Total ore reserves to a depth of 60 metres amount to 1.7m tonnes grading an average 3.7% set per tonne. In addition there are probable reserves of 495,000 tonnes averaging 4g to a depth of 100 metres.

Encouraging drilling results are reported by Canada's Eriecon Gold Mines from the Mount Stikine gold prospect near Whitehorse, Yukon. In one zone ore reserves of 165,000 tonnes have been outlined, grading a gold and 0.83 oz silver per ton.

Drilling in another zone has indicated "significant" gold values over a strike length (later length) of 2,300 ft which included 8.2 ft of ore assaying 0.97 oz gold and 1.71 g silver.

The deposit was discovered by AGIP Canada and Eriecon has the right to develop it and earn an interest of 45 per cent.

Peat Marwick income up 8%

Peat Marwick International, which in 1983 was toppled from the number one position by Arthur Andersen as the world's largest firm of chartered accountants, has increased its income by 8.8 per cent to \$1,342m in the year to June 1984.

Peat's annual report published yesterday reveals that charges to the firm rose by 4.9 per cent to 31m p.m. with 2,340 partners and a total personnel of 27,300. As usual, the firm gives no indication of the profitability of the individual offices.

Price Waterhouse and Deloitte Haskins and Sells if they proceed with the merger of the two firms will have a combined fee income of \$1,500m worldwide with 54,000 personnel.

Peat yesterday officially announced that it was not in merger discussions with another firm.

At a time when the accountancy profession is coming under increasing scrutiny from regulatory authorities, Peat Marwick conducted a survey to see how the accountancy profession is perceived in the U.S.

Auditors ranked highest in terms of ethics and integrity when compared with other professions in the U.S. survey, with lawyers and bankers, according to the survey.

Larry Horner has been elected chairman and chief executive officer of Peat Marwick in the U.S. taking over from Thomas Holton who will continue until October 1985 as chairman of PMI.

Robert Beecher takes over from Donald Sloane as deputy chairman and chief operating officer.

The restructuring, the chairman says, has enabled Peat to initiate streamlining programmes of silicon processing and basic sensor production.

For the year absorbed \$118,000 (£73,000) leaving net profits of \$748,000 (£464,000). There were minorities of \$15,000 and extraordinary debits of \$386,000, being deferred tax provisions.

The reduced profits were due mainly to a decline in the contribution from roofing activities and the financing costs of the expansion of one of the group's businesses, including the Ardard Latham joint venture.

COMPANY NEWS IN BRIEF

Yearling bonds totalling £11.75m at 10 1/2 per cent, redeemable on October 16 1985, have been issued by the following local authorities:

Greater Manchester Passenger Transport Executive £0.5m; Hackney (London Borough of) £1.5m; Dorset District Council £0.5m; Wycombe DC £1.0m; West Oxfordshire DC £0.25m; Hammer-smith and Fulham (London Borough of) £1.5m; Hillingdon (London Borough of) £1m; Dudley Metropolitan Borough Council £1m; Hereford City Council £0.5m; Hereford County Council £1m; Newark DC £0.5m; Cleveland CC £0.5m; Eastbourne BC £0.25m; Sheffield (City of) £1.25m; South Derbyshire DC £0.5m; Tamworth (Borough of) £0.25m.

Earnings per 10p share were shown up at 5p against 2.5p, and the directors are paying an interim 1.5p dividend as forecast. A final 3.4p dividend is forecast for May 1985.

Results at City of Aberdeen Land Association for the year to June 30 1984 show a marked improvement on the previous year, say the directors. Pre-tax profits rose from £1.35m to £1.76m, and the total dividend is raised from 1.5p to 1.85p net with a final of 1.25p. A one-for-10 scrip issue is proposed.

For the half year to end-July 1984, net asset value per 25p share fell from 78.5p, adjusted at January 31 1984 to 71.2p, at English and Scottish Investors.

Basic earnings per share of this investment trust were stated as 0.85p against an adjusted 0.82p.

Net revenue before tax was up from £698,000 at £788,000, while tax took an increased £264,000 (£255,000).

Mr R. L. Teare is the chairman of R. Cartwright (Holdings). The name of the former chairman Mr J. C. Northam has been retired, was inadvertently used in a report in yesterday's edition.

Improved pre-tax profits of £131,000 against £80,000 have been shown by Yargreen Investments for the six months to the end of April 1984. Turnover of this USM-quoted advertising contractor amounted to £1.07m against £1.13m.

The net interim dividend has been held at 0.2287p, and earnings per 10p share are shown as moving up from 0.85p to 1.15p. In the last full year a total of 1.4p was paid.

Trading conditions remained difficult for the subsidiary, Interline Linear Controls which, until the end of the year, was even position (£7,401 profit). Interim results included an £11,298 loss on Rent-a-Space, reflecting start-up costs for the company.

The group's established contract advertising companies Still Darby and Co and Stamford traded satisfactorily.

Pre-tax profits of F. W. Thorpe, maker of lighting equipment, improved from £0.52m to £1.04m in the time of June 30 1984, an turnover £0.15m higher at £8.21m. Exports, however, slipped from £1.27m to £1.21m.

The dividend total is stepped up from 3p to 3.45p net, with a final of 2.15p. Earnings per 10p share rose from 18.5p to 19.53p. Tax took £445,000 (£420,000) and there was also an extraordinary dividend of £235,000 in respect of deferred tax.

Chepstow Racecourse increased its taxable profits for the half year to June 30 1984 from £699 to £1,066, which included £47,822 from the sale of investments.

There was an improvement in turnover, from £299,000 to £341,000, and earnings per 25p share were shown as 1.71p, compared with 0.07p. As usual there is no interim dividend.

The net profit was £320 (£200), leaving attributable profits up from £288 to £745.

After taking depreciation into account in its interim results for the first time Prince of Wales Hotels swung from a restated loss of £18,000 to pre-tax profits of £24,000 in the half year to July 4 1984.

Most of the group's turnover arises in the second half and as all the hotels traded well during the summer prospects for this period are excellent.

The net interim dividend is effectively held at 0.5p from earnings of 0.2p (0.15p losses). Turnover rose to £8.8m (£5.32m). There were extraordinary debits of £386,000 (£171,000) from the sale of investments for loss of office paid to certain directors and costs relating to the abortive acquisition of St Georges Hotel.

Discussions are continuing regarding an approach to a company which could lead to a bid.

BIDS AND DEALS

Attwoods in £17.7m rights to fund U.S. acquisition

By RAY MAUGHAN

Attwoods, the waste disposal group headed by British Car Auctions chairman, Mr David Wilkes, is proposing to pay the equivalent of a maximum of \$24m (£18.2m) for Industrial Waste Service Inc (IWSI), which is one of the leading companies of its kind in Florida.

At the same time, Attwoods is to fund the bulk of the deferred consideration with a heavy rights issue, on a two-for-one basis which will raise £17.7m at 80p per new share. The issue has been underwritten by Robert Fleming and distribution is being carried out by brokers Rowe & Pitman and Anderson & Co.

Attwoods, formerly a Wolverhampton-based vehicle distribution group also disclosed that its profit for the year to July 31 rose from £1m to £1.7m, giving earnings of 7.71p per share, against 4.65p, from which it is paying total dividends of 5.5p against 2.33p per share.

IWSI has seen profits fall from \$2.37m to \$1.35m from 1982 to 1983 and blames the short-fall on the cost, taken through the P & L account of expansion and capital investment involved largely with a major contract in Detroit. In the seven months to July 31 this summer, profits reached \$1.8m.

On a pro-forma basis, Attwoods is looking at a balance sheet which shows net worth of £11.9m, goodwill of £8.82m, short-term creditors of £9.22m and long-term creditors of £23.2m (including some £3m of the deferred consideration).

The reason for this major acquisition, Attwoods explained yesterday, is the restrictions imposed on its Drinkwater Sabey UK operating company in the successful acquisition of businesses by the very high prices currently being offered by Attwoods's competitors, which it believes are not justified in current conditions.

IWSI's business is based in waste disposal and disposal services — not toxic waste — for commercial and residential customers, in what it calls "five strategic locations" in south and central Florida.

The industry has hitherto been highly fragmented by increasing sophistication, accompanied by more complex and expensive vehicles, which is beginning to lead to a greater concentration of market power.

eastern sunshine state totally transforms the shape and prospects of the business. The sheer scale of the cash call does little to bolster a balance sheet which, in year one, can only be described as stretched. "Need that matter? The empirical answer is probably not given the outlook for expansion in a fragmented, hot, Florida market. IWSI almost came to market on a \$40m ticket last year although the severe surrounding Agent Orange forced the vendors to withdraw, quite unnecessarily, given the group's repeated insistence that it never handles toxic waste. And it may be worth noting that the leading company in the market, Waste Management, is buying number three in the league, SCA Services, on a reported, a sizeable chunk of the IWSI consideration is deferred and by the time Attwoods is paying the local franchise, the bulls of this deal are anticipating a p/e of about 7 for 1985-86. The quote is restored just after Guy Fawkes' day, given the required consents, and the expectation must be that Attwoods has sighted something more explosive than a damp squib.

comment

The ambitious deal Attwoods has struck in America's most

Reckitt persisting with Kiwi bid

By TERRY POVEY

Reckitt & Colman is persisting with its £220m bid for Australia's Nicholas Kiwi said Sir Michael Colman, Reckitt's finance director, yesterday.

The UK cleaning products, pharmaceuticals and food group apparently believe that once fuller details are known it may underpin support for the bid. Reckitt's main shareholder, Kiwi shareholders might rethink their position.

Last week CFC made a complex cash plus paper bid for Kiwi which both companies valued at A\$4 a share. The Reckitt offer

is a straight cash bid of A\$4.60 a share which the UK company has so far refused to increase.

However, according to Sir Michael the CFC bid contains a number of elements which the valuation placed is uncertain or difficult to support. "Once fuller details are known it may underpin support for the CFC bid from Kiwi's main shareholders," he said.

Brokers consider that unless Reckitt is prepared to increase its offer there is little hope of stopping the deal with CFC going through. "At present Reckitt

Board shake-up at Yelverton

By ALEXANDER NICOLL

Gulf Trust and Credit, a Panama-based group backed by Middle Eastern investors, yesterday assumed management control of Yelverton Investments after acquiring a 20.1 per cent stake.

This follows months of shuffling of share stakes in Yelverton, culminating in Gulf Trust's recent entry through the acquisition of a 19.6 per cent holding which was supplemented with a small additional purchase.

Mr Simon Watson, chief executive of Gulf Trust's London subsidiary, was appointed managing director yesterday in place of Count Jan Badeni, who remains a director. Mr Peter Greaves resigned as a director and as company secretary.

The takeover means that interests linked with financier Mr Jim Slater are no longer involved with Yelverton. Mr Watson said that the takeover was a long time in the making and that it was a relief to have a new management team in place.

Yelverton's best-known investment is a stake of just over 20 per cent in Southend Stadium, a listed company which operates a greyhound track but has also been negotiating the development of a site.

The takeover has been a small shareholder in Yelverton, recently sold a 5.9 per cent stake in Southend Stadium to Yelverton. Count Badeni and Mr Greaves are both directors of Southend Stadium.

At Yelverton, Mr Geoffrey Hall, a stockbroker, will remain chairman. Mr Manjit Sahni has been appointed company secretary and chief financial officer in place of Mr Greaves.

Yesterday, Yelverton shares rose 3p from their year's low of 30p—compared with year's high of 61p—and Southend Stadium rose 1p to 51p.

Racal warns of possible fall in Chubb share price

By CHARLES BATCHELOR

Racal Electronics, the communications and defence technology group, yesterday warned shareholders that its shares would net fall to 200p or lower if they did not accept Racal's 25p per share bid.

Racal compared the capital value of a £1,000 investment in both companies in 1975 with its value ahead of the offer. Racal's bid, it said, would net fall £16,600 compared with Chubb's value of £2,700, Racal said.

A £1,000 investment in Racal's shares would have produced

income of £1,306 compared with only £736 from Chubb, it added. Racal said that Chubb's rejection of the takeover was a "disappointment" but that it was a relief to have a new management team in place.

Chubb responded by saying that its own soundings of institutional investors had convinced it that its shares would net fall back as low as 200p and accused Racal of "ridiculous, scary talk."

A number of institutions had also said they already held enough Racal shares, Chubb added.

Chubb's shares fell 2p to 274p yesterday, while Racal was unchanged at 254p.

BIDS AND DEALS IN BRIEF

Shares of M. P. Kent, a Bath-based developer of residential and commercial property rose 2p to 238p, after the company announced that it was in discussions which might lead to a bid for the company.

Kent made a pre-tax profit of £507,000 on turnover £1.4m in the six months ended December 1983 compared with profits of £740,000 on turnover of £3.25m in the comparable 1982 period. Mr M. P. Kent, the chairman has a holding of 23 per cent in the company with other directors holding a further 5 per cent.

Neil and Spencer Holdings has bought Arista for FF 5m (£482,000).

Arista manufacturers laundry equipment for the industrial and hospital markets, old peoples homes and small communities. Profits before tax for the year to July 4 1984 were FF 181,404 (£15,699).

Shareholders of Trafalgar House have accepted proposals to introduce a new share option scheme and to amend the rules of the company's 1973 executive share option scheme. Subsequently options have been granted under the 1973 scheme to executive directors and other employees in respect of 3.6m Trafalgar shares which includes both the replacement of options granted under the 1973 scheme and the grant of new options over an additional 1.7m shares.

Midepsa's offer for the whole

John Foster buys Illingworth offshoot

John Foster & Son, a cloth spinner and manufacturer, has paid £1.64m to Illingworth Morris, Britain's biggest wool textile manufacturer, for a Bradford-based subsidiary which makes mohair and other worsted cloths.

Mr Alan Lewis, Illingworth's chairman, said the subsidiary, Pepper Lee, did not fit in with the group's strategy because Illingworth did not have spin-ning capability.

Foster's group sales were £17m in the year ended March 2, 1984. Foster is paying £270,000 for plant and machinery, £450,000 for goodwill, and £1.22m for stock and work in progress less trade creditors of £405,000.

BANK RETURN

	Wednesday October 10 1984	Increase (+) or Decrease (-) for week
BANKING DEPARTMENT		
Liabilities	£	
Notes issued	14,520,000	—
Public Deposits	255,625,598	+ 194,514,988
Bankers Deposits	619,462,082	+ 118,410,948
Reserve and other Accounts	1,585,650,543	+ 85,166,469
	6,416,598,615	+ 138,070,891
Assets		
Government Securities	415,766,887	+ 22,005,000
Advances & other Accounts	555,625,598	+ 138,070,891
Prudential Equipment & other Secs.	1,184,156,788	+ 40,622,110
Notes	4,795,241	+ 4,989,440
Cash	149,783	+ 2,259
	9,416,598,615	+ 138,070,891
ISSUE DEPARTMENT		
Liabilities	£	
Notes issued	19,080,000,000	—
In circulation	12,015,904,655	—
In Banking Department	4,795,241	—
Assets		
Government Securities	11,018,100	—
Other Government Securities	971,625,598	+ 481,346,717
Other Securities	11,057,900,697	+ 381,346,717
	16,080,000,000	—

UK COMPANY NEWS

Ward White weighing up takeovers

Ward White Group is currently looking at two possible takeover deals, says Mr Philip Birch, the chairman, who also reports a 48 per cent increase in the company's interim profits.

Mr Birch says the deals involve one inside shoe retailing and one outside and adds that an American-bid expansion move would involve the group in an investment of up to \$20m (£13.5m).

Last month Ward White took a 29.14 per cent stake in fellow shoe shop chain Stead and Simpson, following the purchase of a 44.7 per cent holding in Weiner Enterprise Inc. in April this year.

While the company has no present intention of bidding for the balance in Stead and Simpson, Mr Birch admits that he is keeping his options open and would be prepared to hold talks if the controlling voting shareholders were interested in selling.

Over the six months to July 31 1984, Ward White pushed taxable profits up from £2.15m to £3.16m on turnover ahead by £12.1m to £91.35m. The result included a £711,000 share of

trading profits this time from Weiner Enterprises Inc.

Ward White traditionally achieves higher profits in the second half—£6.61m last year—and Mr Birch says that the outlook in the company's major business segments is good.

The interim dividend is being raised from 1.45p to 1.60p on the capital enlarged by last year's one-for-three rights issue. Stated earnings per share were up at 8.99p (3.54p), after tax of £1.05m (£753,000).

Taxable profits were struck after higher interest payable of £1.90m (£1.64m), of which some £336,000 was attributable to the purchase of the stake in Weiner.

Mr Birch, commenting on the results, says that trading profits in the UK had a strong advance with increases being achieved by all operating groups. In retail activities benefits are still coming through from the integration process in the areas of imported goods and cost savings.

The UK footwear group experienced increased demand and, together with the elimination of loss-making activity, resulted in a "strong" profit improvement. Safety products

C. H. Pearce advances and lifts dividend

ALTHOUGH TURNOVER of C. H. Pearce & Sons improved by some £5m to £40m in the year to May 31, 1984 profits before tax rose at a slower pace and increased by £106,000 to £2.94m.

However, a final dividend of 4.75p effectively lifts the net total from 4.91p to 6.25p per 25p share.

The group is continuing to trade profitably in the current year.

At the six months' stage profits were ahead by £41,000 at £1.34m. In their interim report the directors said the figures reflected the narrower margins of the construction industry was experiencing.

They told shareholders that it was difficult to forecast future profits with certainty, but added that figures for the full year should not be less than those of the previous year.

Tax for 1983/84 accounted for £1.03m against a previous £748,000. There was also an extraordinary debit of £96,000 (nil) being a deferred tax charge caused by the adjustment in capital allowance rates.

Earnings per share emerged at 50.6p, compared with 55.2p.

An internal valuation was carried out on the group's properties held for investment. The valuation showed a surplus of £1.18m which has been carried to reserves.

The retained profit, together with the revaluation surplus, has increased shareholders' funds from £17.88m to £20.63m, an increase of 15.4 per cent.

Pearce, based at Bristol, is a builder and developer.

Ruberoid growth hindered by £582,000 Camrex loss

CONTINUING LOSSES by Camrex have made a "big dent" in Ruberoid's profits for the first six months of 1984.

Revealing this in his interim report Mr Thomas Kenny, chairman, also says the miners' dispute is causing the group to lose at least £80,000 in profit a month.

Camrex incurred a trading loss over the period of £582,000 which left group pre-tax profits at £1.74m, compared with £1.55m.

Excluding the results of Camrex, which was acquired in June 1983 for £6m, Ruberoid's profits showed an improvement of 26 per cent at £2.83m.

Mr Kenny refrains from hinting about the full year results. He says that when the miners' dispute is over the group will progressively return to its pattern of profits growth.

Meanwhile, the interim dividend is being increased from 2p to 2.25p net. Net earnings for the half year emerged at 6.38p (7.39p) per 25p share.

The group's activities cover building and surface protection products, contracting, paper, plastics and resins. Turnover for the opening half rose from £47.7m to £55.7m.

He says that much has been done to improve Camrex's future results but that more corrective action has to be taken. Orders are well ahead of last year, including orders booked for 1985 and 1986—the company is engaged in specialised coatings.

Explaining the downturn in profits as a result of the miners' dispute the chairman says that a site shared by the group with the National Coal Board for the manufacture of one product is not operating normally.

He goes on to say that the dispute is also significantly affecting other parts of the business since the group is a substantial coal user.

Attributable profits came through at £913,000 (£890,000) after taking account of a lower



Mr Thomas Kenny, chairman of Ruberoid... no hint on the full year result

tax charge of £732,000 (£830,000). Including Camrex losses of £1.1m group pre-tax profits for 1983 improved by some £1.3m to £5.55m. Turnover totalled £96.15m and a final dividend of 5.1p was paid.

comment

Ruberoid is still smarting from the disastrous Camrex acquisition, which has contributed to the company's first profits fall since 1977. This, coupled with the news that the cost of the miners' strike is running at an annualised rate of £0.72m, sent the shares 15p lower to 200p. Although the Camrex position still looks somewhat nightmarish, the one redeeming feature is that remedial action taken to date has cut last year's rate of loss by half, so there is a reasonable expectation that full-year losses can be contained to just over £1m. The wild card is obviously the miners' strike, which explains the sly forecast. Fortunately the building materials division is performing equally on the back of the firm repair and maintenance market and ATAB, the Belgium waterproofing materials business, has picked up after a slow start since being acquired in 1983. This should enable the group to turn in a small profit rise for the year to perhaps £5.9m where the prospective p/e of under 8 (35 per cent tax charge) looks deserved.

Abingworth sees more benefits in the U.S.

NET ASSET value per 10p share of Abingworth at June 30 1984 was 320p compared with 302p at the time of the public issue in May 1983 and 340p at end-June 1983.

Group profit before taxation for the year, the venture capital investment concern's first as a listed company, was £219,000 compared with £208,000 for the six month period to June 30 1983, and £584,000 for the year to December 31 1982.

Net income after tax was £238,000, or 14p per share.

It is proposed to pay a dividend of 1.25p net per share for the year.

At September 30 1984, net asset value per share based on unaudited management figures was approximately 340p.

The directors say that in the stock market in the U.S. there has been a marked decline of interest in new technology issues. This has resulted in venture capital groups having to extend much greater support to their investments from their own resources which in turn has resulted in further pressure on the price of private financings.

They add that Abingworth is in a strong position to benefit from this trend, with considerable liquidity and a substantial portfolio of freely marketable securities.

In the period under review, the venture capital industry experienced significant changes and in the U.S. in particular, the market for technology shares was depressed.

The Hambrecht & Quist Index of listed securities, which broadly reflects the area in which Abingworth invests, fell by more

than 43 per cent, from 911.83 at June 30 1983 to 512.52 at June 30 1984.

The sharp decline in the general level of listed technology prices was quickly reflected in the pricing of private round financings. This presented Abingworth with some excellent investment opportunities but at the same time had an adverse effect on the value of its existing listed portfolio.

comment

Abingworth can usefully be thought of as a new version of an old song—an investment trust for most purposes, including taxation, but with a modern approach to risk-taking and hands-on management. The carve-up in Silicon Valley has inevitably affected recent performance, but dollar strength

has had an offsetting effect. Of present asset value of £55m, some 11 per cent is presently held in cash, and a further 30 per cent in listed investments; so there is a good deal of liquidity, actual and potential, to take advantage of a weak market in hi-tech opportunities. At 284p (down 1p), the shares are at a discount to assets of a mere 11 per cent—partly a tribute to adventurous management, but also a reflection of the fact that over half the assets are unquoted and therefore in the books at or near cost, rather than at market value. The yield, meanwhile, is a negligible 0.6 per cent, with little prospect of rising. As the company makes clear, it subscribes wholly to the Silicon Valley philosophy that profits are meant for reinvestment rather than distribution.

Telemetrix raises £5.6m

Telemetrix, a computer graphic company quoted on the USM has raised £5.6m through a placing by stockbrokers, Stock Beech, of around 10 per cent of equity to more than 30 institutions and some local investors.

The company failed to make the £3m-£2m pre-tax profits forecast announced when it went public in September last year.

Improvement by Advance Services

Improved pre-tax profits of £2.46m against £2.2m have been produced by Advance Services for the first half of 1984. Turnover of this linen supplier, with laundry and allied services, rose from £18.7m to £23.48m.

The net interim dividend has been lifted from 1.1p to 2p—the payment is for the current 15-month period which will run to the end of March 1985. First-half earnings per 10p stock unit are shown as rising from 2.85p to 3.45p.

Tax amounted to £1.01m (£985,000)—the directors say the charge can only be estimated due to the incidence of capital allowances.

The company is a subsidiary of the British Electric Traction Company.

Fothergill & Harvey's first half headway

ALL THREE main sectors of activity contributed to a rise in pre-tax profits at Lancashire-based Fothergill & Harvey, from £386,000 to £1,266,000 for the half year to end-June 1984.

Mr L. Stevens, group chairman, says that while the underlying rate of growth in demand from manufacturing industry appears to be decelerating, some con-

tinuation of profit improvement is expected. Total taxable profits for 1983 amounted to £1.9m.

Advanced materials processing contributed £153,000 to group profits against £131,000, electrical insulation £436,000 against £346,000, and coated and uncoated engineered fabrics £739,000 compared with £494,000.

The £85,000 loss incurred by the associate Cynamid Fothergill, was nevertheless an improvement on the £110,000 loss suffered last time.

Net earnings per 25p share were stated up by 1.75p at 5.04p. A same again interim dividend of 2.75p net is being paid.

Turnover in the first half rose from £11.8m to £14.51m. This is

London Strathclyde

Net asset value per 25p share of the London and Strathclyde Trust improved by 10.9p to 182.2p over the 12 months ended August 31, 1984 after deducting prior charges at par.

Net revenue amounted to £280,000 (£279,000) after tax of £203,000 (£192,000) and preference dividend payments. A final dividend of 1.5p holds the net total at 2.35p. Earnings totalled 2.64p (2.63p) per share.

House of Leroze

Pre-tax profits of House of Leroze fell by some 60 per cent from £561,000 to £225,000 for the six months to June 30 1984. In yesterday's edition, the percentage decrease was incorrectly stated.

BOARD MEETINGS

Barlows	Oct 19
Caparo Properties	Oct 22
First Charlotte Assets Trust	Oct 24
Factor Brothers Clothing	Oct 31
Hall (Matthew)	Oct 4
Hanover Investments	Oct 17
Hunting Petroleum Services	Oct 19
Secombe Marshall & Campion	Nov 13
Viking Resources Trust	Oct 29

FINALS

Amber Day	Oct 30
British Assets Trust	Oct 25
Japan Assets Trust	Oct 22
Lyles (S.)	Oct 18
Maronair International	Nov 1
North Sea Assets	Oct 19
Smiths Industries	Oct 19

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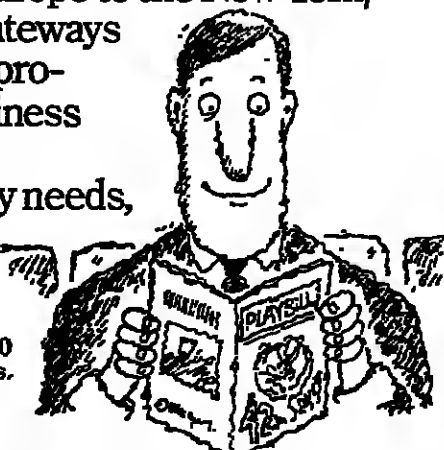
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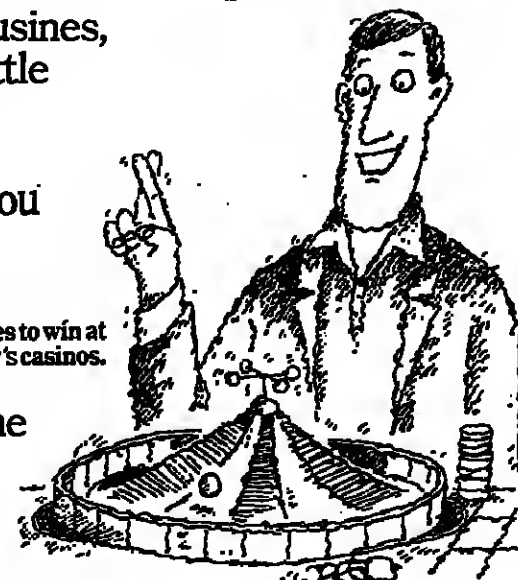
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THE PROPERTY MARKET BY JOAN GRAY

High tech companies that worry about neighbours

DEVELOPERS anticipating fat returns from parks for high technology companies on expensive sites close to airports and motorways might get a nasty shock from the answers given by such companies when asked what they really want from their sites.

The overwhelming response is that what they want above all is a prestigious environment—and something more like an executive housing estate than a motorway interchange.

Mr Henry Bennett of Bidwells, project manager of Trinity College's Cambridge Science Park said this was particularly so when companies were trying to attract high-level customers an estate. "They appreciate pleasant, spacious and restful surroundings and wouldn't go to an industrial type estate at any price."

"We had a brand new office and warehouse building available on an industrial park only 150 yards across the road from the science park and at half the rent. The high-tech companies would not touch it," he said.

Mr David Littlechild, managing director of the fast-growing Nobilitant, which makes components for lasers, estimates his new building on the science park was "at least 30 per cent more expensive" than it would

have been on a local industrial park.

"But the payback is worth it," he said, "because without doubt it adds to our credibility with customers and you're certain you're not going to get grotty neighbours."

Mr Peter Woodford is managing director of Laser-Scan, which was the first company on the Trinity Science Park 10 years ago and has just decided to site its new £2.5m headquarters there. He said: "We decided to stay on the science park because it is a good environment and enables us to attract the right people from the university. It gives us prestige, and that's important when you're trying to convince customers to place large orders with what is still a small company."

"We could have split the company up and put our manufacturing operations somewhere cheaper," he said, "but we decided the advantage of having design, development, manufacture and administration all under one roof on the science park was more important."

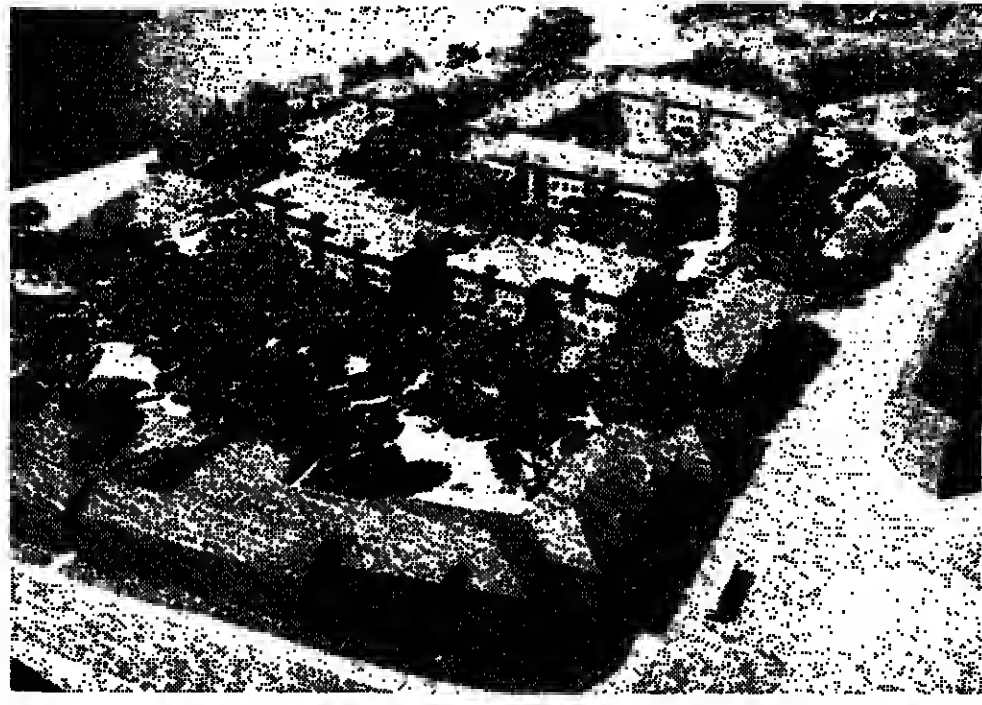
Mr Richard Granger, business director of research and development company Cambridge Consultants, who is trying to recreate the atmosphere of a university physics laboratory in its latest £1m extension to its extension to its science park building, puts the advantage of prestigious surroundings in attracting scarce staff rather more forcefully.

"In the kind of service we provide good staff are fenshishly hard to come by and you've got to play every card you've got in the vicious business of attracting them, including the environment," he said.

Rent on the science park works out at approximately £6 a square foot, compared to £2.50 for nearby industrial estates and £8.50 for office rents in Cambridge; ground leases are calculated on a land capital value of between £150,000 and £170,000 an acre. Companies complain about the price—but they choose it none the less.

All this stress on environment and prestige should give pause for thought to developers who, to quote architect Mr Roger Perrin, who specialises in designing for high technology companies, think the way to attract them is simply to "squeeze a lot of office content on to an industrially zoned site and get an office rent for a site you've paid an industrial price for."

"Companies want a prime site with good access to motorway networks," he added. "But the real key is to create a desirable microenvironment, just like an exclusive executive cul de sac."



A model of Cambridgeshire County Council's Castle Park development in Cambridge

£16m business park planned

ROYAL LIFE and Cambridgeshire County Council, with developers Sberston PT, have announced a £16.8m scheme to build a business park on a 7-acre site beside the council's Shire Hall offices near the centre of Cambridge.

The scheme, called Castle Park, aims to meet a strong demand in Cambridge for

premises for high technology and computer companies. It will be developed in two phases.

The first £10m phase, funded by Royal Life, will consist of eight blocks of mixed office industrial and laboratory accommodation, totalling 141,000 sq ft. The buildings will be flexibly designed to provide

both starter units and larger areas for established companies.

The second phase, a £6.8m office block, is being funded by the county council. It will be built as four wings round a quadrangle. The council will occupy three wings, totalling 75,000 sq ft and will let the fourth wing of 20,200 sq ft.

Grosvenor Square in major policy switch

IN A MAJOR departure from its policy of concentrating on office and shop development, Grosvenor Square Properties is negotiating to buy a 60 or 70 acre site in the Home Counties to develop as a business park for high technology companies.

The site is near the M25 and will be developed in phases starting with a 10-acre scheme. But the company is not revealing further details until negotiations are completed.

As part of the move into industrial property, Grosvenor Square is also developing a 16,000 sq ft two storey speculative mixed high technology office and industrial building in Bath Road, near Heathrow.

But Mr Paul Marber, the managing director, emphasises that his company has no plans for industrial development to account for more than 10 per cent of its £35m development programme.

"Our main provision is offices with a growing number of shopping schemes," he said. "We plan to have between 30 and 60 per cent of our developments in the UK in offices, and between 25 and 30 per cent in shops, and the balance industrial."

Unlike the rest of its developments, which are concentrated in London and the south east, Grosvenor Square's £10m shopping developments are spread throughout the UK wherever the company can find a suitable location.

Grosvenor Square is concentrating on developing infill sites in high streets rather than "£20m out-of-town centres which are too big for us," said Mr Marber.

The next major shopping development Grosvenor Square is planning is a 20,000 sq ft scheme in Queen Street in Cardiff next to the castle. It has also just purchased a 2.5 acre site in Edmonton, north London.

Trade centre wins grant

AFTER YEARS of controversy over its future, a £10m development scheme to convert the Victorian Royal Agricultural Hall in Islington to an exhibition and conference hall and trade centre has been approved.

The London Borough of Islington and the Department of the Environment have sanctioned a £2.85m urban development grant as part of the £10m package. The remainder is being provided by the overseas developers, City Industrial, with support from UDF, IFC, a Swiss investment group and Ray West, a San Francisco trade centre organisation.

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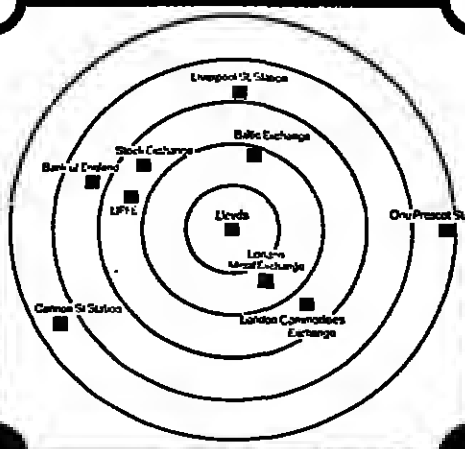
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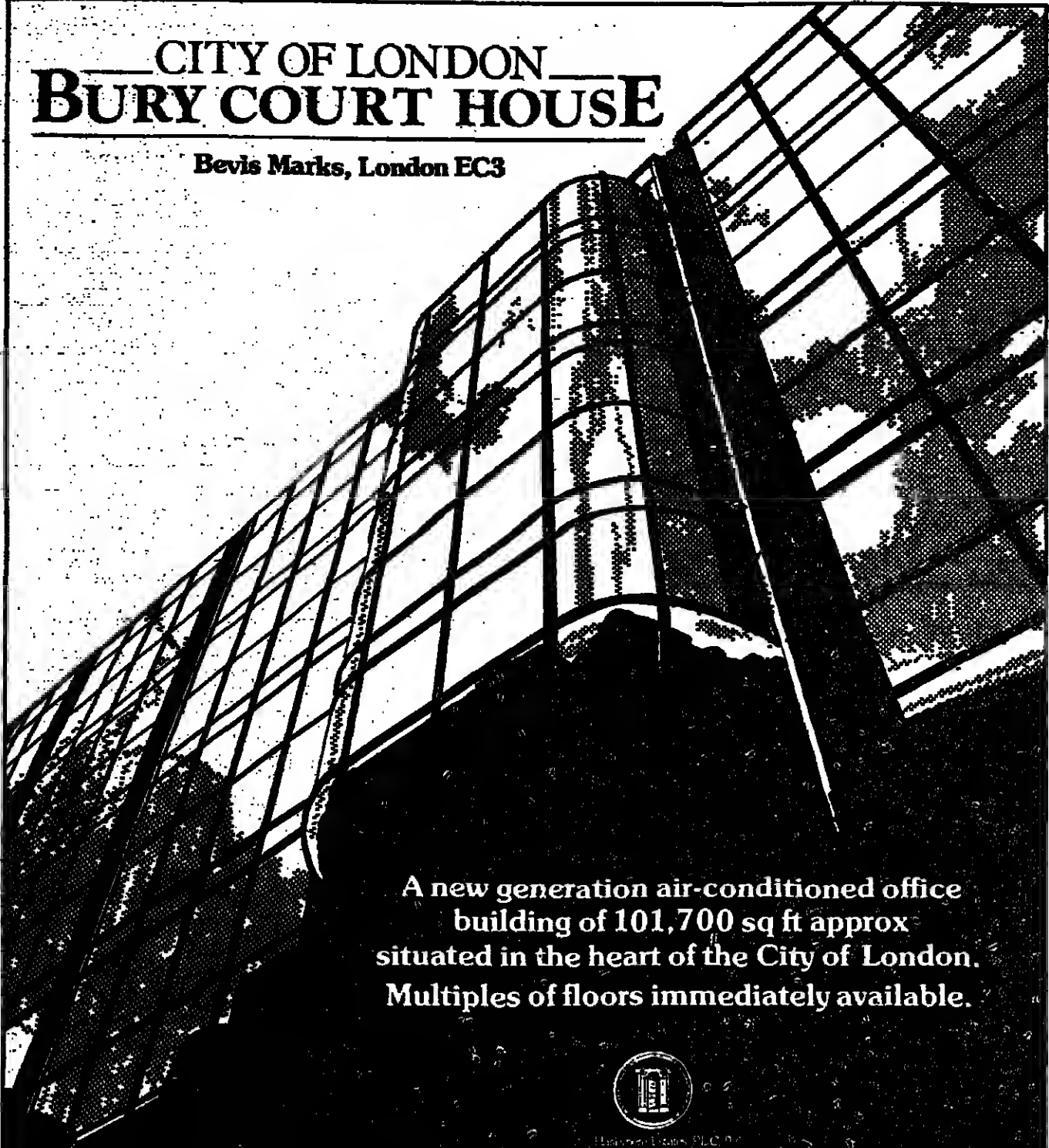
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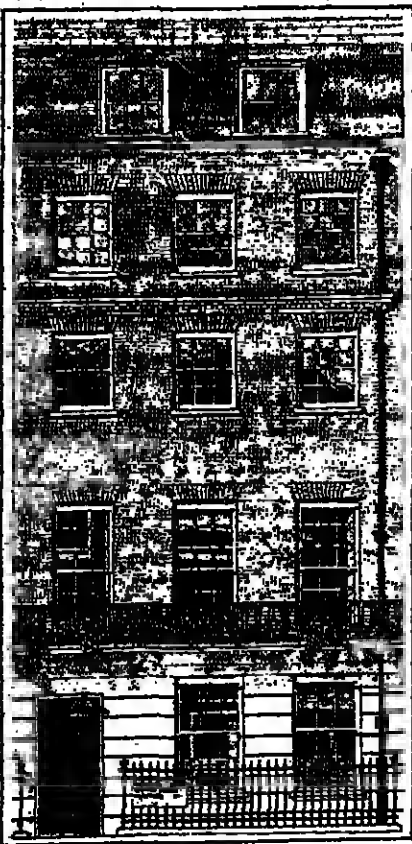
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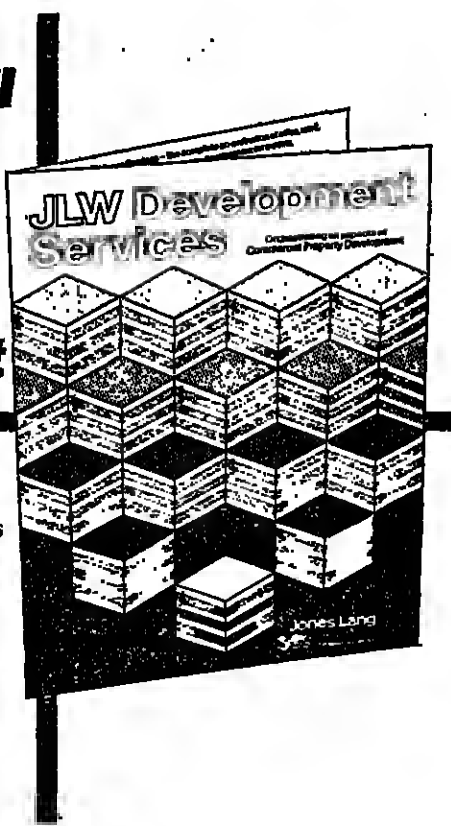
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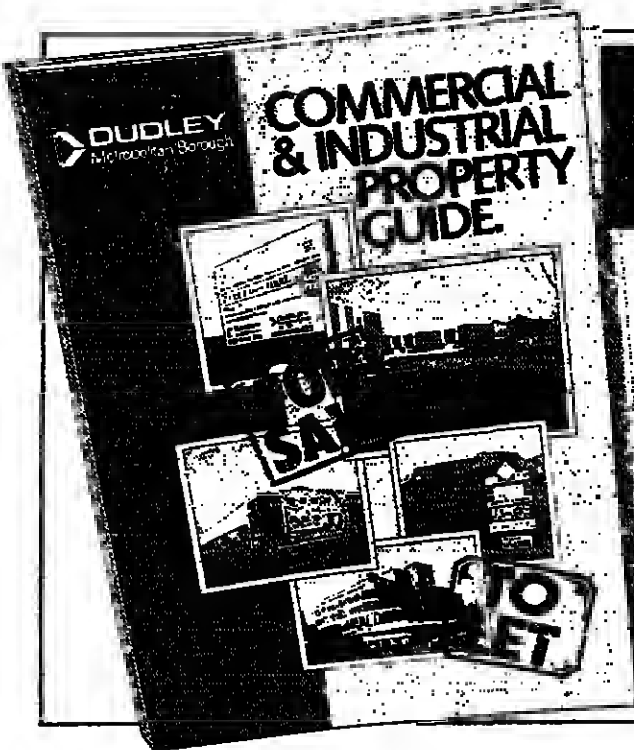
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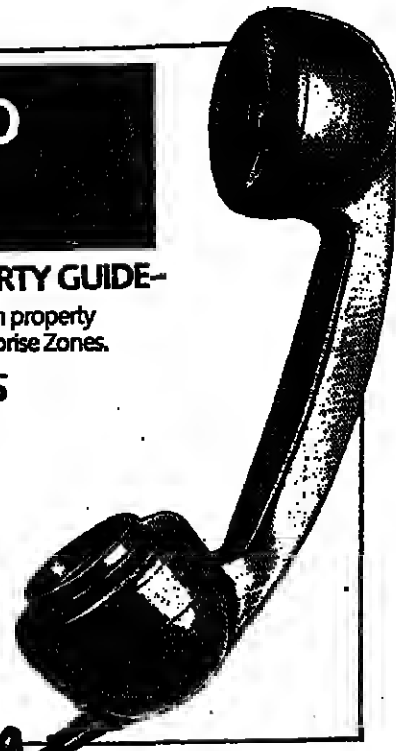
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TECHNOLOGY

VOICE RECOGNITION AT IBM'S U.S. LABORATORY

Speak to the listening machine

BY GEOFFREY CHARLISH

THE ULTIMATE in office equipment—the machine that will type as you speak into it—has come a step nearer with an announcement from IBM's Thomas J. Watson Research Centre.

A team has developed an experimental system that quickly and accurately recognises English sentences and produces them on a workstation screen as the user speaks.

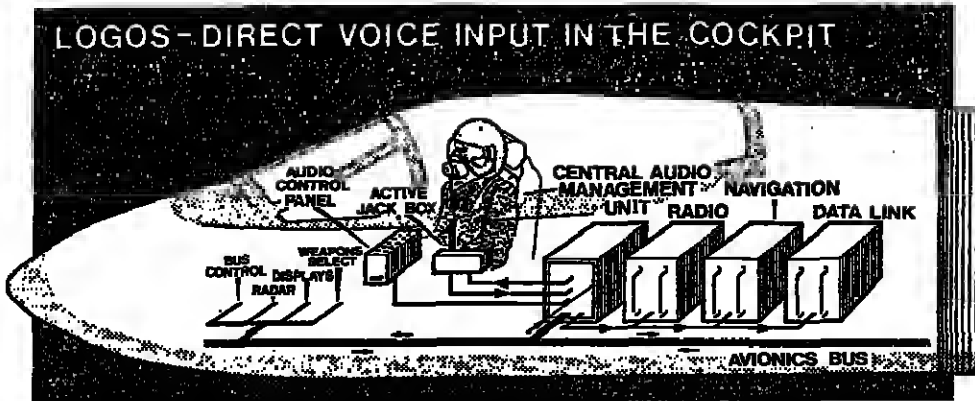
The system can recognise sentences composed from a 5,000-word business vocabulary IBM claims that it can identify more than 95 per cent of the words correctly. The scientists at the Yorktown Heights laboratories believe the system is the most advanced yet developed.

Similar work is going on in the UK at Logica, at the Government's Joint Speech Research Unit and several other laboratories. A fundamental problem for all the researchers is that no two people speak alike. For example, regional accent alone can make the word "town" sound like "tarn," "toon" or even "tine."

So the machines have to be trained to deal with a particular speaker, by listening to the user reading a brief standard text. IBM says its system requires a short pause between words during both training and dictation.

But once the system is trained, words, phrases and sentences appear on the screen shortly after they are spoken. The recognition technique is statistical. It functions by determining the degree of similarity between the speech and the words in the vocabulary, as well as the probability that they would be used with other words in the sentence.

Both pronunciation and context are considered: the system can distinguish between "to," "do" and "through" because they are pronounced differently, and between "to," "too" and "two" based on the context. It can compute the probability that a given word will appear in a particular context based on an analysis of about 25m words of office correspondence.



LOGOS is an advanced continuous speech recognition device, originally developed for the UK Government's Joint Speech Research Unit. Direct voice input will allow the pilot of a modern aircraft to control a complex array of instruments and equipment in his cockpit, while keeping his hands on the controls and his eyes on the outside world.

Words not stored in the vocabulary can be used in documents by spelling them out. New words that will be frequently employed can be added verbally.

The IBM system takes a set of 20 measurements on the speech every 0.01 second and compares each set with 200 patterns, automatically tailored to the speaker's voice during a 20-minute training session. Next, it makes the appropriate matches, "labelling" the sound segments so that they can be identified.

These sounds are then looked at in their context—their apparent relationship to each other at that moment—and several candidates are chosen from the vocabulary.

As additional sounds are uttered, new word candidates are created and the initial possibilities are re-evaluated in the light of the new data. The possible choice is thus narrowed until the most probable word sequence is found.

The exact speed at which this takes place is not revealed by IBM, but the processing takes place on a 4341 computer (an IBM mid-range main-frame) with three array processors from Floating Point Systems.

Before an office product can emerge, a major problem for IBM will be the reduction of

this considerable computing power to a minimum and the application of large scale integration to the circuits.

Logica's approach has been rather different. Whereas IBM has aimed at a large vocabulary of isolated word speech (the speaker must not run his words together), Logica has concentrated on a small vocabulary that can be spoken in the ordinary way without pauses. For example, the two words "prime minister" can be run together and the machine will still identify them separately.

Logos, developed with the Joint Speech Research Unit, can recognise continuous speech uttered using a vocabulary of about 50 words. Racal and Smiths Industries have been licensed to use the system in airborne applications where the pilot can speak rather than press buttons, giving him another form of input to the aircraft's systems.

There are many other possible applications. Both IIT and Ericsson have announced telephone instruments in which the caller simply asks for the number rather than dialling it. These do not need the great computing power of general systems and can be made cheaply enough to attract a market.

At last year's telecommunications exhibition in Geneva, Nippon Electric Company demonstrated the DP-300 continuous speech recognition system with a vocabulary of 150 words (single speaker). It was part of a language translation system in which Japanese was being automatically translated into English.

Marconi Space and Defence Systems has had a system on offer for two years which can take various control actions when any of 240 words is spoken into it. It is "trained" for the speaker in a few minutes by loading appropriate audio cassettes. One system, at the Royal Aircraft Establishment, Farnborough, allows pilots to change the frequency of a radio set simply by speaking the name of the beacon he is trying to pick up.

Texas Instruments, which attracted much attention with its Speak 'n' Spell machine for children in 1980, has extended the voice recognition technique to instructing business computers. In one application, a newsagent grappling with bundles of unsold newspapers was able to speak the numbers into his machine instead of putting them down in order to operate a keyboard.

TEXTILE MEASUREMENTS

Why colour matches are important

YESTERDAY Marks and Spencer was presented with the Queen's Award for Technical Achievement for a system which is saving its clothing suppliers thousands of pounds a year. Jointly with the computer company, ICS, the retail chain has developed a computer system which checks garments for colour consistency.

Colour is very important when it comes to fashion products but it was difficult to ensure that all fabrics coming from a number of dye houses met Marks and Spencer's specifications.

Fermark, an underwear manufacturer, installed its colour computer two years ago as part of the pilot trials. Mr Peter Klein, the company's managing director, said that the £20,000 computer had paid for itself in only 15 months.

The system consists of two elements, a spectrophotometer which actually measures colour and a computer which turns the electrical signals from the

spectrophotometer into numerical values and so defines a shade uniquely. The whole of the garment is scanned on the production line for colour consistency.

Without such technology the judgment of whether or not a colour meets the specification has been carried out by a number of individuals at different places. As many of Marks and Spencer clothes tend to be colour co-ordinated, any off shades can ruin matching of shades.

Fermark, for example, produces 36,000 bras a week and has reduced the lead times for its production from 15 to only 13 weeks because colours can be checked faster and more accurately.

To date most of the systems have been installed in the factories of Marks and Spencer's lingerie suppliers and dye houses though it is likely that the system will spread to more of the retail chain's 700 garment suppliers. ELAINE WILLIAMS

EDITED BY ALAN CANE

Components

Low power chip lasers

SCIENTISTS AT Standard Telecommunication Laboratories, Harlow, have reduced the operating current of a semiconductor laser to 4.6 milliamperes (thousands of an amp) at room temperature. Typical threshold (lowest operating) currents with present day lasers are in the range 15 to 70 milliamperes.

Work at the Laboratories, which are the research centre for Standard Telephones and Cables (STC), is aimed at integrating a number of the tiny lasers on to one semiconductor chip. This in turn will help significantly in the production of the optoelectronic circuits needed for complex optical communications networks and other applications.

The lasers are used to convert a coded stream of electrical pulses, representing up to 20,000 telephone channels or 20 colour television programmes, into an identical stream of light pulses down an optical fibre. Made from gallium indium arsenide phosphide and indium phosphide, the STL laser active element is only 140 microns (millionths of a metre) long with a cross section of 1 x 0.2 microns.

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Biotechnology

Animal cell research

SURREY University's Microbiology Department is to undertake a £241,000 research project on the production of biochemical products from animal cells.

The contract has been placed by the Harwell Laboratory as part of a national programme on animal cell uses which is funded by the Department of Trade and Industry.

The project will concentrate on methods of producing monoclonal antibodies which are used as diagnostic or preparative reagents. The hope is to produce the antibodies in greater quantities and at lower cost.

Computing

Plug in networks

DIGITAL MICROSYSTEMS of Wokingham has developed a plug-in card enabling Apricot business microcomputers to work into Digital's local area network, ENet. There are more than 1,500 ENet installations in the UK.

Designed in co-operation with Apricot's makers, Applied Computer Technology, the multi-layer high density board is simply inserted into the computer's internal expansion slot. Removal of one blanking plate then enables the ENet-8342 connector to be plugged into the FL, FS, XL or the new flat screen port.

The new card measures 4.25 inches and costs £445, with normal discounts for quantities. Digital Microsystems is on 0734 793131.

Metals

Aluminium melting

ELECTRICITY COUNCIL research staff have applied computer aided techniques to the aluminium melting industry to improve the performance of channel induction furnaces. They have used the techniques to develop special channels in the furnace so that they do not become clogged by unwanted oxides.

The council says that the new design produces faster melting with high efficiency and is cheaper than fuel-fired melters.

The development has been licensed to Inductotherm Europe part of a U.S. group.

INFORMATION SYSTEM

Solicitors' office

ONE OF the first of a sophisticated new kind of information system has been designed for solicitors by Centrefile, the computing services subsidiary of National Westminster Bank.

It applies the concept of "integrated" software, a series of computer programs each tackling different specific tasks, but which are all integrated on to the same program disk so that they can be used without the need to load new disks.

legal accounting, time recording and word processing are already available and systems for conveying, diary management and electronic mail are shortly for release.

This is where integration is important. Two or more of these packages can be combined—word processing, for example, could be fully integrated with conveying and accounting. According to Mr John Wallace, Centrefile's managing director, the legal profession will spend some £75m on computing in the next five years. Centrefile is proposing to capture a significant share of this developing market.

For the technical, the system has been written in a fourth generation language that generates Level II Cobol. ALAN CANE

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7th DECEMBER 1984

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of Surveys are subject to change at the discretion of the Editor

Ford Motor Credit
launches \$200m
FRN issue, Page 44

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday October 12 1984

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INTERNATIONAL CAPITAL MARKETS 44

KEY MARKET MONITORS			
STOCK MARKET INDICES			
NEW YORK	Oct 11	Previous	Year ago
DJ Industrials	1,183.08	1,177.23	1,285.14
DJ Transport	513.96	510.63	583.89
DJ Utilities	138.80	138.28	137.04
S&P Composite	162.78	162.11	170.34
LONDON	Oct 11	Previous	Year ago
FT Ind Ord	670.6	668.9	686.0
FT-SE 100	1,141.9	1,136.5	942.5
FT-A All-shares	537.15	534.98	431.99
FT-A 500	583.18	581.38	470.65
FT Gold mines	556.2	555.9	548.9
FT-A Long gilt	10.45	10.38	10.57
TOKYO	Oct 11	Previous	Year ago
Nikkei-Dow	10,896.86	10,668.71	9,483.09
Tokyo SE	829.88	830.75	686.28
AMSTERDAM	Oct 11	Previous	Year ago
All Ord.	746.4	742.3	704.7
Metals & Mins.	448.5	445.2	533.8
BRUSSELS	Oct 11	Previous	Year ago
CACX Aktieri	58.27	58.23	54.82
BERNESE	Oct 11	Previous	Year ago
Belgian SE	162.64	161.98	128.79
CANADA	Oct 11	Previous	Year ago
Toronto	1,834.1	1,820.89	2,467.00
Metals & Mins	2,365.8	2,357.88	2,505.70
Montreal	115.94	115.42	128.81
OSLO	Oct 11	Previous	Year ago
Copenhagen SE	168.77	169.01	183.03
FRANCE	Oct 11	Previous	Year ago
CAC Gen	182.1	182.0	141.3
Ind. Tendence	117.3	117.7	89.4
WEST GERMANY	Oct 11	Previous	Year ago
FAZ-Aktien	368.04	368.23	327.2
Commerzbank	1,070.2	1,065.5	968.3
HONG KONG	Oct 11	Previous	Year ago
Hang Seng	979.78	983.13	735.36
ITALY	Oct 11	Previous	Year ago
Banca Com. I.	211.3	n/a	189.15
NETHERLANDS	Oct 11	Previous	Year ago
ANP-CBS Gen	178.2	177.5	144.8
ANP-CBS Ind	140.0	138.7	116.4
NORWAY	Oct 11	Previous	Year ago
Oslo SE	254.19	254.65	216.45
SINGAPORE	Oct 11	Previous	Year ago
Straits Times	857.14	857.69	952.82
SOUTH AFRICA	Oct 11	Previous	Year ago
Gold	1,013.0	1,014.3	808.0
Industrials	858.6	858.4	923.9
SPAIN	Oct 11	Previous	Year ago
Madrid SE	149.82	151.05	119.65
SWEDEN	Oct 11	Previous	Year ago
J & P	1,462.62	1,451.38	1,471.22
SWITZERLAND	Oct 11	Previous	Year ago
Swiss Bank Ind	373.6	373.6	342.3
WORLD	Oct 10	Prev	Year ago
Capital Int'l	190.3	190.4	185.2
GOLD (per ounce)			
London	339.25	337.75	
Frankfurt	339.00	338.00	
Zurich	339.25	337.75	
Paris (filing)	339.06	338.43	
Luxembourg (filing)	337.90	337.90	
New York (Oct)	336.70	336.80	
* Latest available figures			

WALL STREET
Corporate progress taken calmly

ATTENTION on Wall Street yesterday switched from the congressional delay in approving the new federal debt ceiling to the trading progress of the large U.S. business corporations, writes Terry Byland in New York.

Third-quarter results from IBM, Lockheed, Chemical Bank and a number of other household names were taken calmly in the stock market, which edged ahead after some initial coolness.

The stock market climbed gently towards the end of the session, helped by successive trading results from major companies. At the close the Dow Jones industrial average was 5.65 points up at 1,183.08, on moderate turnover of 87.7m shares.

Stock in Manufacturers Hanover gained 5 1/2% to \$30 1/2 in response to the third-quarter results.

In the government debt markets, the federal funds rate returned to normal as the pressures of the bank settlement day relaxed. But the funds rate dipped from an opening 10 1/2% per cent to 9%, and other short-term rates eased back. Three-month Treasury bills dipped below 10 per cent for the first time since mid-July.

Postponement of the day's planned 20-year federal bond issue was no surprise to the market, and congressional approval for a \$370bn spending measure eased tensions over the debt ceiling delay.

IBM's results contained no shocks for Wall Street, and although stock in the computer monarch softened by 3/4% to \$121 1/2 after the news - it was 3/4% up earlier - the rest of the market soon shrugged off this temporary malaise.

A dull spot was Motorola, \$1 down at \$34 1/2 after its results, and fellow microchip maker Mabon Nugent eased by 5/8% to \$35 1/2 on nervousness over industry sales.

Good figures from Lockheed, \$1 up at \$43 1/2, from Raytheon, 3/4 off at \$40 1/2, and from North American Philips, unchanged at \$38 1/2, brightened the industrial sector.

Among civil aerospace issues, McDonnell Douglas jumped 3 1/4% to \$68 1/2 on an analyst's recommendation. Airline issues strengthened, with United 5/8% better at \$38 1/2 despite a threatened strike by pilots. American Airlines gained 3/4% to \$28 1/2.

Caterpillar Tractor, \$1 up at \$31 1/2, steadied from Wednesday's shock of a substantially reduced dividend payout. General Motors and Ford added 3/8% each to \$70 1/2 and \$45 1/2 respectively.

The banking sector got off to a cautious start after eagerly awaited figures. Modestly better net earnings at Chemical Bank left the shares 5/8% better at \$28 1/2. J.P. Morgan gained 5/8% to \$69 1/2 and Irving Bank at \$68 1/2 put on 5/8%, both after higher earnings figures.

Other money centre bank stocks held firm while awaiting boardroom statements. The bank results will be scanned with particular attention to charge-offs against non-performing loans.

Security Pacific, Wall Street's favourite regional bank, jumped 1 1/4% to \$49 1/2 in response to the higher net total for the quarter.

Other majors to improve after announcing results included Gannett, 5/8% up at \$43 1/2, Intel, 5/8% up at \$28 1/2, Potlatch, 5/8% higher at \$28 1/2, and Lowenstein, 5/8% higher at \$36 1/2.

Star of the health care sector was G.D. Searle, 5 1/4% better at \$50 1/2 on renewed rumours of a bid - Monsanto denied involvement.

ITT, still expected either to divest the Sberaton division or even attract a bidder, edged up 5/8% to \$30 1/2 in busy trading.

In the retail sector, Sears Roebuck at \$31 1/2 regained 5/8% of the heavy loss suffered on Wednesday when a leading analyst downgraded the stock.

Trading in federal bonds was thin, but yields began to slip as tensions at the shorter end slackened. Both corporate and municipal bonds had a quiet session.

TOKYO
Drugs and electronics dominate

BUYING interest centred on incentive-backed pharmaceuticals and some electronic parts issues in slow post-holiday Tokyo trading yesterday, writes Shigeo Nishiwaki of Jiji Press.

Although banks and blue chips weakened on light sales, rises in pharmaceuticals led the Nikkei-Dow market average up 28.15 to 10,896.86 on volume of 280.55m shares, down from 325.13m. Declines outnumbered advances 387 to 300, with 174 unchanged.

Pharmaceuticals drew speculative interest on prospects for a strong performance in the next financial year, because of a smaller cut in standard prices of drugs planned for national health prescriptions than in previous years and a series of announcements of anti-cancer drug development.

Non-residents sold blue chips on a broad front. Conversely, foreign net purchases of drug issues reached between 2m and 4m shares each from October 1 to 9, according to a Nikko Securities official.

Active buying focused on biotechnology-related issues, with Dainippon Pharmaceutical scoring a maximum allowable daily rise of Y500 to Y4,140. Takeda added Y24 to Y832, Daiichi Seiyaku Y50 to Y1,820, Tanabe Y50 to Y1,140 and Yamanoouchi Y20 to Y1,710.

Among electronic parts issues, Stanley Electric beaded the day's actives with 10.09m shares, climbing Y60 to Y1,180 on brisk product demand. Nippon Gakki, which is the top musical instrument maker and is diversifying into semiconductors, went up Y140 to Y1,400.

Sumitomo Special Metals registered a daily limit gain of Y1,000 to Y7,100, bolstered by strong demand for electronic parts magnets.

Of the blue chips, Fuji Photo eased Y20 to Y1,660 and Sony Y40 to Y3,800.

In the bond market, government issues with nine years or longer until maturity touched highs for the year on active buying by trust banks and other investors, despite the yen's decline against the dollar.

Big securities houses believe overall purchases of the bonds by trust and city banks and some agricultural institutions exceeded Y200bn.

The yield on the benchmark 7.5 per cent government bond due in January 1993 declined to 7.07 per cent from Tuesday's 7.1 per cent.

AUSTRALIA

A REVIVAL took place among Sydney metal mining issues after week-long setbacks, but by the end of the session many were off their best.

Central Norseman put on 15 cents to A\$4.90, and CRA 10 cents to A\$4.95. BHP held flat at A\$10.30. The energy side was dull.

Banks were encouraged by strong results from federally owned Commonwealth Bank, taking Westpac 4 cents up to A\$3.80.

EUROPE
Buyers hunt bargains in Frankfurt

INVESTORS returned to Frankfurt yesterday in search of bargains, amid indications of favourable economic growth and investment. Reflecting the overall tone, the Commerzbank index rose 3.7 to 1,070.2.

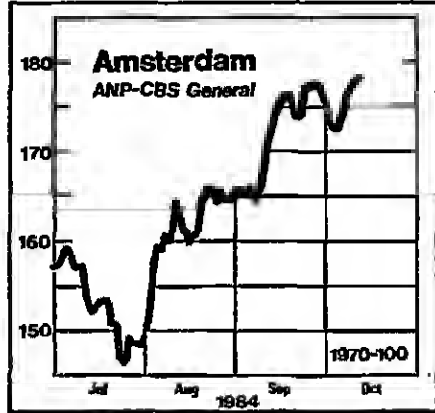
The motor sector compensated for Wednesday's losses as foreign investors, attracted by the stronger U.S. dollar, indulged in a bout of buying. VW firm DM 4.50 to DM 163.80, reflecting interest after announcing a venture in China. Porsche jumped DM 34 to DM 1,081, and Daimler-Benz gained DM 7 to DM 590.

Banks continued to be favoured on expectations of improved full-year profits. Deutsche Bank was DM 1.60 up at DM 369.30, and Commerzbank added 30 pf to DM 168.30. Bayerische Vereinsbank, however, moved against the trend to end 50 pf lower at DM 331.

Siemens, after announcing a joint venture in microchip development with Philips, rose DM 1.40 to DM 448.20.

Profit-taking affected the bond market where prices generally eased. The Bundesbank bought DM 38.7m of domestic paper after selling DM 26.5m the previous day.

A firm undertone left Amsterdam slightly above Wednesday's level. Strong buying demand was balanced by some



profit-taking, and the ANP-CBS general index rose 0.8 to 176.2, edging close to its 1984 high of 176.9.

Internationals were again supported by the strong dollar, except for Royal Dutch, which slid 20 cents to F1 175.70 on expectations of a lower third-quarter result.

Philips reacted less keenly to the Siemens link, edging 10 cents higher to F1 53.80.

Publishing issues continued their strong advance, and insurers and banks also improved. A slight fall in demand in the bond market took bond prices marginally lower.

Paris saw narrow price fluctuations in most sectors, and trading was again directionless.

Cie Bancaire shed FFr 37 to FFr 583 after announcing disappointing first-half results and its intention to launch a new bond issue. Other private-sector banks suffered a knock-on effect.

Most other sectors were mixed. Skis Rossignol, which attracted FFr 20 the previous day, continued its strong performance by taking on FFr 40 to FFr 1,675.

A firmer Brussels saw details announced of Societe Generale de Belgique's planned rights issue, where shares will be priced between BFr 1,400 and BFr 1,700. It added BFr 5 to BFr 1,850.

Steel issues were popular, with Arbed up BFr 80 at BFr 1,820, Cockerill BFr 17 ahead at BFr 294 and wiremaker Bekart BFr 40 firmer at BFr 4,700.

Expectations of a gain on Wall Street took Zurich higher in late trading. Financial and industrials profited from market optimism of a general improvement in results. Dull bond trading kept prices lower, however.

Milan ended mixed as blue chips suffered marginal losses, and Madrid turned lower, with utility issues recording the biggest drop.

Most sectors saw gains in Stockholm and although Alfa-Laval announced a fall in profits after the close, it put on SKr 4 during trading to end at SKr 193.

LONDON
Unilever bid offers food for thought

THE MAIN force behind a rise in London equity values yesterday stemmed from an undercurrent of interest rate optimism, and investors showed few inhibitions awaiting news of the crucial miners' talks.

Stocks considered to be potential takeover targets were favoured, particularly those in the food sector following Unilever's success in gaining control of Brooke Bond.

The defeated original bidder, Tate and Lyle, put on 10p to 408p as speculators changed their view of the group from predator to possible prey.

House of Fraser advanced 6p to a new high of 292p amid rumours that Lombr, 9p dearer at 157p, had placed its holding with Sears Roebuck of the U.S. This multinational later denied.

The FT Industrial Ordinary index closed 3.6 up at 670.6. Index-linked gilts meanwhile prospered again, often at the expense of conventional stocks.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38-39

HONG KONG

DULL and featureless Hong Kong dealings left most leaders slightly lower after a firm opening.

Wheelock Marden, which has been gaining on rumours of a resale, slipped 5 cents to HK\$3.57 as the company denied such plans.

Shaw Brothers shed 30 cents to HK\$17.50 on profit-taking after a good earnings report.

SINGAPORE

MOVEMENTS in Singapore were rarely much either side of overnight levels as trading stayed quiet and selective.

Speculative buying made Straits Steamship an exception gaining 27 cents to S\$1.45.

Volume leader Ben & Co added 25 cents to S\$1.76 - giving the food group a three-day jump of 72 cents, or nearly 70 per cent.

SOUTH AFRICA

A QUIETLY mixed result for Johannesburg golds left Doornfontein 50 cents off at R33 but Randfontein R3 ahead at R209. Mining financials were steady.

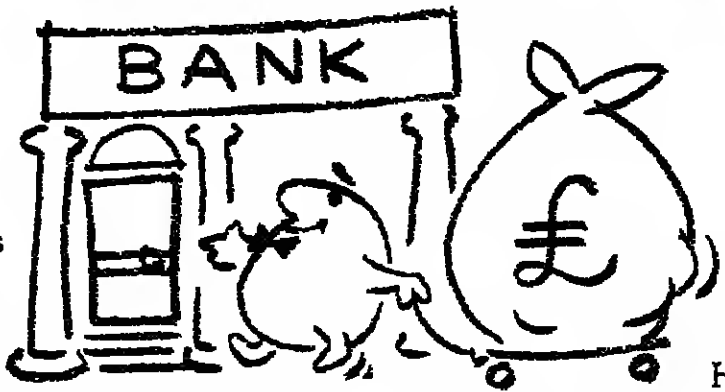
Barclays National Bank at R16.25 showed no response to its mortgage rate rise, but Nedbank put on 25 cents to R12.25.

CANADA

STRENGTH in gold, base metal and property issues was insufficient to establish a markedly firmer overall trend in a moderately active Toronto where the merchandise sector encountered notable selling.

Banks, utilities and industrials all made cautious progress in Montreal.

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices, organized in columns by sector (e.g., A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z) and listing individual stocks with their respective prices and changes.

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by sector (e.g., A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z) and listing individual stocks with their respective prices and changes.

Notes and footnotes explaining the data, including: 'Prices are unadjusted for dividends and splits', 'Dividend dates are annual disbursements based on the latest declaration', and 'Dividend dates are annual disbursements based on the latest declaration'.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock prices including Creditanstalt, Gessner, and others.

GERMANY

Table of German stock prices including AEG-Telef, Allianz, and others.

NORWAY

Table of Norwegian stock prices including Bergs & Bank, Hordis, and others.

AUSTRALIA (continued)

Table of Australian stock prices including Gen Prop Trust, Hordis Energy, and others.

JAPAN (continued)

Table of Japanese stock prices including AEL, AFS, and others.

OVER-THE-COUNTER

Table of over-the-counter market closing prices for various stocks.

SWEDEN

Table of Swedish stock prices including AGA, ASEA, and others.

NETHERLANDS

Table of Dutch stock prices including ACOF, AEGON, and others.

FRANCE

Table of French stock prices including Aérospatiale, Bouygues, and others.

DENMARK

Table of Danish stock prices including Aarhus, Aalborg, and others.

ITALY

Table of Italian stock prices including Banca Com, Eni, and others.

SWITZERLAND

Table of Swiss stock prices including Alusuisse, Nestlé, and others.

HONG KONG

Table of Hong Kong stock prices including Bank East Asia, Cheung Kong, and others.

JAPAN

Table of Japanese stock prices including Ajinomoto, Asahi, and others.

SINGAPORE

Table of Singapore stock prices including Bourne, DDB, and others.

SOUTH AFRICA

Table of South African stock prices including Abertom, Anglo, and others.

CANADA

Table of Canadian stock prices including Alcan, Inco, and others.

TORONTO

Table of Toronto stock prices including Alcan, Inco, and others.

MONTREAL

Table of Montreal stock prices including Alcan, Inco, and others.

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AMERICAN STOCK EXCHANGE

Large table of American stock exchange closing prices for various sectors and companies.

INDICES

Table of various stock indices including NYSE, Dow Jones, and others.

LONDON

Chief price changes

Table of London chief price changes for various stocks.

FALLS

Table of London stock price falls.

RISES

Table of London stock price rises.

Continued on Page 44

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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Equities advance awaiting news of miners' talks

Index-linked Gilts strong again

Gold steady

The recent decline in South African Golds and Financials was arrested by a minor rally in the bullion price. The latter gradually improved throughout the day - despite early firmness in the dollar - and closed a net \$1.5 higher at \$339.25 an ounce.

Hanson Trust good

Hanson Trust rose 7 to 246 on a "buy" signal and featured an otherwise lethargic miscellaneous industrial sector. Publicity given to a broker's circular helped recent bid favourite, Fenwick, advance 13 more to 236, while Ashley Industrial Trust rose 4 to 20p on reports of a substantial share stake in the company changing hands.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (27)
Treas 2nd 1984 H. 2000 2006 H.
2nd 1984 H. 2000 2006 H.
2nd 1984 H. 2000 2006 H.

London and Continental Advertising, which revealed 13 million in profit on Tuesday, spurred 9 to a new high of 155p; brokers de Zoete and Bavan were recently bullish on the shares and yesterday paid a visit to the company.

Selected Property issues moved ahead quite sharply on the re-appearance of buyers. Land Securities, which had particularly attracted support, gained 12 to a 1984 peak of 110p, while Peasey attracted support ahead of next Tuesday's annual results and closed 5 up at 232p.

Textiles hardened 3 more to 110p for a rise of 15 so far this week following a newsletter recommendation. Hingham, which saw Tobacco closed, reverting to the overnight 42p on the sale of 1.6 million of its Pepper Lee worsted cloth operation to John Foster, a penny up at 51p.

Irish oils slump
Traditionally sensitive Irish exploration issues were volatile following a drilling report from Eglinton Oil's latest exploration in Colombia. News that the company's current well in that country had reached target depth - apparently without encountering oil - showed Eglinton's oil slump to 75p in initial dealings. Thereafter, the quotation moved within a narrow range prior to setting a new 26p lower at 77p. Eglinton's associate company, Ocean Drilling, followed Wednesday's decline of 30p with a similar loss at 20p. Atlantic Resources, heavily traded in recent days, followed a similar pattern as oil discovery in the Celtic Sea fell back to 112p, but subsequently rallied to end the day only 2p cheaper at 120p.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, Oct 11, Oct 10, Oct 9, Oct 8, Oct 7, Oct 6, Year Ago. Includes Government Secs, Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index Name, High, Low, S.E. Activity. Includes Govt Sec, Fixed Int, Ind. Ord, Gold Mines.

concerning the eventual destination of Lonrho's near-30 per cent stake in House of Fraser, the latter advanced 6 to a new high of 232p amid strong rumours that Lonrho, 9 dearest at 157p, had placed the holding with Sears Roebuck of the U.S. The Monopoles Commission due to report on the long-running saga towards the end of November. With the exception of Woolworth, up another 5 to 327p, the leaders drifted lower with Marks and Spencer a couple of pence cheaper at 114p, after cautious comment. Profit-taking led Burton 6 lower at 307p.

A couple of pence easier after news of the expected recovery in first-half profits and return to the interim dividend list. Empire advanced sharply in late trading to close a net 6 up at 82p on the announcement that GUS had placed just over 5m shares in Empire with Dutch concern Vroom and Dreesman at 97p per share; GUS now controls around 12.7 per cent of the Bradford-based, multi-order house, Gratton, 118p. Freemans, 122p, firmed 6 and 2

respectively. Ward White fell 5 to 141p, the market having mistaken the 45 per cent interim dividend for a new high. Decline gave up 6 for a two-day loss of 18 to 120p on further consideration of the disappointing mid-term statement. Telephone Exchange became a dull market in Electricals, falling 18 to 212p, after 206p, on acute disappointment with the interim results. Farnell Electronic's half-year figures were deemed more satisfactory, but the shares succumbed to profit-taking and closed 9 down at 178p. Druck, on the other hand, rose 13 to 248p in response to the annual profits surge, while AirCell advanced 22 to 430p on buying ahead of next Tuesday's first-half figures. Still drawing strength from an investment recommendation, Benlaxup put on 5 more to 268p and ended 10 up at 408p. T and L rose to 52p. Cable and Wireless stood out among the leaders with a rise of 7 to 362p.

Engineering leaders made useful progress. Vickers moved up 5 to 178p and T, still recovering from the shock of last week's profits warning, rallied 4 more to 196p. Hawker hardened 2 pence further to 494p; the interim figures due next Wednesday. Elsewhere, John Brown, bolstered recently by news of two Chinese contracts totalling 27m, firmed 2 fresh to 269p. Westwood-Davies jumped 6 to 27p on speculative injection and C. H. Bailey rose 3 to 304p after revised speculative buying; the North East Essex Building Company has increased its stake in the company to 3m shares. Sabeco International found support at 140p, up 7, while Delta advanced 4 to 86p on revised dividend.

Utilities' recovery in the Brooke Bond skirmish sparked a fresh wave of speculative buying of Tate and Lyle which touched 412p prior to closing a net 10 up at 408p. T and L rose 10p thought to be a takeover target for Dalgety; the latter were also a good market at 433p, up 12, following an invest-

Account Dealing Dates

*First Declared Last Account Dealings Date
Oct 1 Oct 11 Oct 12 Oct 22 Oct 23 Oct 25 Oct 26 Nov 5 Oct 23 Nov 5 Nov 15

Equity investors in London showed few inhibitions awaiting news of the crucial miners' talks which began yesterday at the Advisory Conciliation and Arbitration Service. Some were hopeful of a settlement of the protracted pit dispute, but there was little doubt that the main force behind the rise in equity values stemmed from an undercurrent of interest rate optimism.

September's monetary statistics have deferred lower base lending rates, but the market is hopeful of a reduction before the year end. Leading shares were bought on a selective basis with the accent largely on companies soon to report trading statements.

Stocks considered to be potential takeover targets were also favoured, particularly those in the Food sector following Unilever's success in gaining approval of a reduction before the year end. Leading shares were bought on a selective basis with the accent largely on companies soon to report trading statements.

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Equities advance awaiting news of miners' talks

the shares remained at the overnight level of 415p. Elsewhere, Lloyds Brokers were selectively supported on consideration of the sector's dollar earnings potential. Willis Faber stood out with an advance of 18 to 95p.

Comment on the sale of Crocker National Corporation's headquarters in San Francisco for \$58m cash helped push forward a couple of pence more to 357p. Lloyds added 8 to 489p, NatWest slipped 4 to 549p. Among Foreign issues, Standard Chartered put on 15 to 490p, but Commerbank lost that much to 870p. Compagnie Bancaire closed 21 points lower at 549; the group has launched a new issue of domestic bonds totalling 2.2m francs.

Electrical equipment manufacturer Stone International staged a successful market debut; the shares attracted a lively business and moved up from the opening level of 139p to touch 142p before settling at 141p, compared with the offer-price of 139p.

Significant movements in Burlington often concerned takeover rumours. Revised takeover rumours lifted William Leech 8 to 132p, while sudden demand left Bellway 10 higher at 136p; the latter's annual results are due around the middle of next month. John Finlan, which recently announced the disposal of two major property developments and the sale of its stake in Liverpool Kilgour, rose 10 to 86p. Brickhouse Dudley, another takeover hopeful, firmed 4 to a 1984 peak of 67p, while Rentford Concrete Machinery, which advanced 6 to a new high of 229p amid strong rumours that Lonrho, 9 dearest at 157p, had placed the holding with Sears Roebuck of the U.S. The Monopoles Commission due to report on the long-running saga towards the end of November. With the exception of Woolworth, up another 5 to 327p, the leaders drifted lower with Marks and Spencer a couple of pence cheaper at 114p, after cautious comment. Profit-taking led Burton 6 lower at 307p.

A couple of pence easier after news of the expected recovery in first-half profits and return to the interim dividend list. Empire advanced sharply in late trading to close a net 6 up at 82p on the announcement that GUS had placed just over 5m shares in Empire with Dutch concern Vroom and Dreesman at 97p per share; GUS now controls around 12.7 per cent of the Bradford-based, multi-order house, Gratton, 118p. Freemans, 122p, firmed 6 and 2

respectively. Ward White fell 5 to 141p, the market having mistaken the 45 per cent interim dividend for a new high. Decline gave up 6 for a two-day loss of 18 to 120p on further consideration of the disappointing mid-term statement. Telephone Exchange became a dull market in Electricals, falling 18 to 212p, after 206p, on acute disappointment with the interim results. Farnell Electronic's half-year figures were deemed more satisfactory, but the shares succumbed to profit-taking and closed 9 down at 178p. Druck, on the other hand, rose 13 to 248p in response to the annual profits surge, while AirCell advanced 22 to 430p on buying ahead of next Tuesday's first-half figures. Still drawing strength from an investment recommendation, Benlaxup put on 5 more to 268p and ended 10 up at 408p. T and L rose to 52p. Cable and Wireless stood out among the leaders with a rise of 7 to 362p.

Engineering leaders made useful progress. Vickers moved up 5 to 178p and T, still recovering from the shock of last week's profits warning, rallied 4 more to 196p. Hawker hardened 2 pence further to 494p; the interim figures due next Wednesday. Elsewhere, John Brown, bolstered recently by news of two Chinese contracts totalling 27m, firmed 2 fresh to 269p. Westwood-Davies jumped 6 to 27p on speculative injection and C. H. Bailey rose 3 to 304p after revised speculative buying; the North East Essex Building Company has increased its stake in the company to 3m shares. Sabeco International found support at 140p, up 7, while Delta advanced 4 to 86p on revised dividend.

Utilities' recovery in the Brooke Bond skirmish sparked a fresh wave of speculative buying of Tate and Lyle which touched 412p prior to closing a net 10 up at 408p. T and L rose 10p thought to be a takeover target for Dalgety; the latter were also a good market at 433p, up 12, following an invest-

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index No., Day's Change, etc.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Index No., Day's Change, etc. Includes CAPITAL MARKETS, BUILDING MATERIALS, etc.

FIXED INTEREST

Table with columns: PRICE, Yield, etc. Includes British Government, Medium, High, etc.

THE FT-100 SHARE INDEX: 1243.3 +4.8

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc. Includes GOLD, SILVER, etc.

EQUITIES

Table with columns: Issue Price, Amount, etc. Includes Addison Comms, Apple & P, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, etc. Includes Applied Botany, Bristol Water, etc.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, etc. Includes Astra Ind, Avon Rubber, etc.

OPTIONS

Table with columns: First, Last, etc. Includes Astra Ind, Avon Rubber, etc.

ACTIVE STOCKS

Table with columns: Stock Name, Change, etc. Includes Astra Ind, Avon Rubber, etc.

RISES AND FALLS

Table with columns: Stock Name, Change, etc. Includes Astra Ind, Avon Rubber, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Calls, Puts, etc. Includes Astra Ind, Avon Rubber, etc.

Table with 4 columns: 1984 High, 1984 Low, Stock, Price. Lists various hotel stocks and their performance.

Whittingham Property logo and contact information: BIRMINGHAM 021-501 3993, LONDON 01-491 1438.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds including 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'. Columns include 1984 High, 1984 Low, Stock, Price, Div, Yld, and P/E.

AMERICANS

Table of American stocks including Abbott Labs, Alcoa, Amgen, and others. Columns include 1984 High, 1984 Low, Stock, Price, Div, Yld, and P/E.

BEERS, WINES - Cont.

Table of Beer and Wine stocks including Heineken, Carlsberg, and others.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber, and Roads stocks including Balfour Beatty, Bovis Lend Lease, and others.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ELECTRICALS

Table of Electrical stocks including BICC, British Telecom, and others.

ENGINEERING - Continued

Table of Engineering stocks including BHP, British Steel, and others.

INDUSTRIALS (Misc.)

Table of various Industrial stocks including ICI, Unilever, and others.

CANADIANS

Table of Canadian stocks including Alcan, Inco, and others.

CHEMICALS, PLASTICS

Table of Chemical and Plastic stocks including ICI, Unilever, and others.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ENGINEERING

Table of Engineering stocks including BHP, British Steel, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks including Unilever, ICI, and others.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues.

BANKS HP & LEASING

Table of Banks, HP, and Leasing stocks.

CHEMICALS, PLASTICS

Table of Chemical and Plastic stocks including ICI, Unilever, and others.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ENGINEERING

Table of Engineering stocks including BHP, British Steel, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks including Unilever, ICI, and others.

CORPORATION LOANS

Table of Corporation Loans.

CMDDMND WALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ENGINEERING

Table of Engineering stocks including BHP, British Steel, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks including Unilever, ICI, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

LOANS Building Societies

Table of Loans and Building Societies.

Hire Purchase, Leasing, etc.

Table of Hire Purchase, Leasing, etc.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ENGINEERING

Table of Engineering stocks including BHP, British Steel, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks including Unilever, ICI, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

Public Board and Ind.

Table of Public Board and Industrial stocks.

BEERS, WINES & SPIRITS

Table of Beer, Wine, and Spirit stocks including Heineken, Carlsberg, and others.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ENGINEERING

Table of Engineering stocks including BHP, British Steel, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks including Unilever, ICI, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails.

BEERS, WINES & SPIRITS

Table of Beer, Wine, and Spirit stocks including Heineken, Carlsberg, and others.

DRAPERY AND STORES

Table of Drapery and Stores stocks including Debenhams, Next, and others.

ENGINEERING

Table of Engineering stocks including BHP, British Steel, and others.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other stocks including Unilever, ICI, and others.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

DAIWA BANK advertisement with logo and contact information for London, Frankfurt, and Doha branches.

MINES—Continued

Table of mining stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

SOUTH AFRICANS

Table of South African stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

TOBACCO

Table of tobacco stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Components

Table of component stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Garages and Distributors

Table of garage and distributor stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

PAPER, PRINTING

Table of paper and printing stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

Finance, Land, etc

Table of finance, land, and other stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

INVESTMENT TRUSTS

Table of investment trusts including companies like British Airways, British Petroleum, and various manufacturing firms.

Oil and Gas

Table of oil and gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

MINES

Table of mining stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

TEAS

Table of tea stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

FAR WEST RAND

Table of far west rand stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

O.F.S.

Table of O.F.S. stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

FINANCE

Table of finance stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

OIL AND GAS

Table of oil and gas stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

NOTES

Notes section containing financial information and company announcements.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like British Airways, British Petroleum, and various manufacturing firms.

OPTIONS—3-month call rates

Table of 3-month call rates for various options including companies like British Airways, British Petroleum, and various manufacturing firms.

Additional financial data, market commentary, and company news at the bottom of the page.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs. (a), British Group-Continued, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including sections for Key Fund Managers Ltd., Perpetual Unit Trust Mgmt., and various other fund categories with detailed performance data.

City of Westminster Assurance

Table listing various insurance and assurance companies and their products, including City of Westminster Assurance, General Portfolio Life Ins. PLC, and others.

F.T. CROSSWORD PUZZLE No. 5541

ACROSS
1 Tone-raising characters, yet cheals (6)
4 Mixed gins, then, once a week? (8)
10 What sort of dog is Jason? (9)
11 Trunk-call of surprise after sort-out (5)
12 Heavy count means nothing to a striker (4)
13 Boocoo of cute parish, perhaps (10)
15 Stone artefact found to hotel being demolished (7)
16 Butterfly is usually displayed in one (6)
19 Summon to Brook by cricket side (6)
21 Wind bringing unusual trials to centre of Nimes? (7)
23 Landlord takes it for an earthquake (6-4)
25 Red wine pitched on the ground (4)
27 Bit of a roffee nuisance, this boredom (5)
28 Overshadow, at Bermuda, to a storm (9)
29 New visitor needing street-warden (8)
30 Carry on nursing-it is a common subject of strain (6)
DOWN
1 Suddenly starting, aircraft is harsh and loud (8)
2 Training camp, take what follows "Jerusalem" (9)
3... quiet melody for duo (4)
5 Stamp a little lower- set aside for a particular purpose (7)
6 Lowest form of batting practice, carrying a flask (10)
7 Right round the circumference (5)

Crossword puzzle grid with numbered squares and a solution key at the bottom.

Continuation of the FT Unit Trust Information Service table, listing various fund managers and their products.

Continuation of the City of Westminster Assurance table, listing various insurance and assurance products.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for Liberty Life Assurance Co Ltd, National Provident Institution, and other insurance companies.

Table of financial data for Star & Prager Group, Target Life Assurance Co Ltd, and other insurance companies.

Table of financial data for GAI Investments (IOM) Ltd, Grindley Henderson Mgt Ltd, and other investment managers.

Table of financial data for Midland Bank Tr Co, Stronghold Management Limited, and other financial institutions.

OFFSHORE AND OVERSEAS

Table of financial data for offshore and overseas investment funds.

Money Market Trust Funds

Table of financial data for Money Market Trust Funds.

Money Market Bank Accounts

Table of financial data for Money Market Bank Accounts.

NOTES

Notes section providing additional information and disclaimers regarding the data presented.

COMMODITIES AND AGRICULTURE

EEC action urged on soyabean 'dumping'

By Ivo Dewney in Brussels
EEC trade investigators are recommending pre-emptive action against Brazilian exporters of soyabean meal used for animal feed following complaints from European producers.

London gold futures rescue plan outlined

By JOHN EDWARDS, COMMODITIES EDITOR
RADICAL CHANGES in the structure of the ailing London gold futures market are recommended in a report out today.

UK cocoa grindings up 21% on last year

UK COCOA bean grindings in the third quarter of this year totalled 21,081 tonnes, up 20.92 per cent on the corresponding period in 1983.

A lazy man's approach to sowing

LAST WEEKEND I drove as far as north Cornwall from Hampshire, and on every side were fields freshly planted or ready for the drill to plant next year's harvest.

coloured chart given to me by my friendly chemical supplier whether the yellowing of the leaves is a symptom of mildew, Barley Yellow Dwarf Virus, or frost or wind scorch.

barley as it is called — which generally yields better than spring sown varieties. Its productivity for passing on diseases made it unpopular here.

again went right against my early training, which laid down that a seed bed for winter wheat should be as rough as possible.

Farmer's viewpoint: by John Cherrington

The reason why my mentors did not like the results of early sowing was that the crop came up too lush, and then used to get yellow leaves and final yields were seldom as good as when sown slightly later.

barley crop or from barley residues in a neighbouring field to the wheat, by means of the bird cherry aphid. I have never seen one, but I gather they are almost invisible.

the first crops in this neighbourhood. I was accused of being antisocial by my neighbours. They soon joined the club.

Anyway, I have started wheat sowing now, and the land is working beautifully — it is working beautifully and should be moist enough to get the seed to germinate and make a good plant without any worry.

New Zealand wool surplus cut

WELLINGTON — World economic recovery during the 1983-1984 wool sale season (July/June) enabled the New Zealand Wool Board to reduce substantially its surplus stock to 14,150 tonnes.

Upturn in U.S. oil stocks

By NANCY DUNNE IN WASHINGTON
U.S. crude oil stocks have reversed their decline, according to the American Petroleum Institute, which yesterday reported stocks last week at 331m barrels.

LENDING to farmers by Agricultural Mortgage Corporation

LENDING to farmers by the Agricultural Mortgage Corporation slowed slightly in the six months to the end of September. Loans completed in the period totalled \$46.03m, down from \$47.95m in the same period last year.

Big UK potato market surplus predicted

By ANDREW GOWERS, AGRICULTURAL STAFF
THE UK potato market could be in surplus by as much as 300,000 tonnes this season, traders Coley and Harper forecast yesterday as over-planting continued to weigh heavily on futures prices.

overall expected surplus this season

Meanwhile, the contract for April delivery dropped £1.90 to £75.40 per tonne.

not yet decided whether to intervene, they added

Traders said prices may weaken further in the near term, but some believed they could recover early next year as perceptions of the UK crop are scaled down.

for the last two years and are due to resume next month

The British and French are at French investigations — to determine if Dutch counterparts to consider some sort of scheme for holding back their surplus if the market is weak.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Oct. 11 1984, + or -, Month ago. Rows include Metals, Aluminium, Copper, Tin, Lead, Zinc, etc.

BRITISH COMMODITY PRICES

Table with columns: Oct. 11 1984, + or -, Month ago. Rows include BASE METALS, SILVER, COPPER, TIN, LEAD, ZINC, etc.

AMERICAN MARKETS

Table with columns: Oct. 11 1984, + or -, Month ago. Rows include NEW YORK, CHICAGO, SOYABEAN MEAL, etc.

INDICES

Table with columns: Oct 10, Oct 9, Oct 8, Oct 7, Oct 6, Oct 5, Oct 4, Oct 3, Oct 2, Oct 1. Rows include FINANCIAL TIMES, DOW JONES, etc.

SPOT PRICES

Table with columns: Latest, Change. Rows include CRUDE OIL, Arab Light, Arab Heavy, etc.

LONDON OIL

Higher cash quotations in the U.S. after the API stock figures were released supported a move to higher prices after a weaker opening. Prices moved quickly to the lows on a week opening in New York and continued to show these levels for most of the afternoon, reports Premier Men.

PRODUCE

Table with columns: Oct. 11 1984, + or -, Month ago. Rows include Premium gasoline, Gas oil, etc.

COFFEE

During a fairly quiet morning the market advanced on news of a trade and dealer buying pushed prices higher.

SOYABEAN MEAL

The market opened unchanged to 50p up in thin trade, reports T. G. Roddick.

WHEAT

The market remained very quiet with activity easing on physical activity although heavy firming on profit-taking, reports Murrells.

GOLD MARKETS

Gold rose \$14 to \$339.339 in the London bullion market yesterday. It opened at \$338.1081, and was fixed at \$338.10 in the morning and to the afternoon.

LONDON FUTURES

Table with columns: Month, Yesterday's close, + or -, Business Done. Rows include Gold, Silver, etc.

ALUMINIUM

Table with columns: Month, Yesterday's close, + or -, Business Done. Rows include Aluminium, etc.

WHEAT

Table with columns: Month, Yesterday's close, + or -, Business Done. Rows include Wheat, etc.

EUROPEAN MARKETS

Table with columns: Oct 11, Oct 10. Rows include Gold Bullion, etc.

EUROPEAN MARKETS

ROTTERDAM, Oct. 11. Wheat—(U.S. 5 per tonne): U.S. two soft red winter Nov 1984, Oct 199, Jan 200, Apr 201, Jul 202, Oct 203, Jan 204, Apr 205, Jul 206, Oct 207, Jan 208, Apr 209, Jul 210, Oct 211, Jan 212, Apr 213, Jul 214, Oct 215, Jan 216, Apr 217, Jul 218, Oct 219, Jan 220, Apr 221, Jul 222, Oct 223, Jan 224, Apr 225, Jul 226, Oct 227, Jan 228, Apr 229, Jul 230, Oct 231, Jan 232, Apr 233, Jul 234, Oct 235, Jan 236, Apr 237, Jul 238, Oct 239, Jan 240, Apr 241, Jul 242, Oct 243, Jan 244, Apr 245, Jul 246, Oct 247, Jan 248, Apr 249, Jul 250, Oct 251, Jan 252, Apr 253, Jul 254, Oct 255, Jan 256, Apr 257, Jul 258, Oct 259, Jan 260, Apr 261, Jul 262, Oct 263, Jan 264, Apr 265, Jul 266, Oct 267, Jan 268, Apr 269, Jul 270, Oct 271, Jan 272, Apr 273, Jul 274, Oct 275, Jan 276, Apr 277, Jul 278, Oct 279, Jan 280, Apr 281, Jul 282, Oct 283, Jan 284, Apr 285, Jul 286, Oct 287, Jan 288, Apr 289, Jul 290, Oct 291, Jan 292, Apr 293, Jul 294, Oct 295, Jan 296, Apr 297, Jul 298, Oct 299, Jan 300, Apr 301, Jul 302, Oct 303, Jan 304, Apr 305, Jul 306, Oct 307, Jan 308, Apr 309, Jul 310, Oct 311, Jan 312, Apr 313, Jul 314, Oct 315, Jan 316, Apr 317, Jul 318, Oct 319, Jan 320, Apr 321, Jul 322, Oct 323, Jan 324, Apr 325, Jul 326, Oct 327, Jan 328, Apr 329, Jul 330, Oct 331, Jan 332, Apr 333, Jul 334, Oct 335, Jan 336, Apr 337, Jul 338, Oct 339, Jan 340, Apr 341, Jul 342, Oct 343, Jan 344, Apr 345, Jul 346, Oct 347, Jan 348, Apr 349, Jul 350, Oct 351, Jan 352, Apr 353, Jul 354, Oct 355, Jan 356, Apr 357, Jul 358, Oct 359, Jan 360, Apr 361, Jul 362, Oct 363, Jan 364, Apr 365, Jul 366, Oct 367, Jan 368, Apr 369, Jul 370, Oct 371, Jan 372, Apr 373, Jul 374, Oct 375, Jan 376, Apr 377, Jul 378, Oct 379, Jan 380, Apr 381, Jul 382, Oct 383, Jan 384, Apr 385, Jul 386, Oct 387, Jan 388, Apr 389, Jul 390, Oct 391, Jan 392, Apr 393, Jul 394, Oct 395, Jan 396, Apr 397, Jul 398, Oct 399, Jan 400, Apr 401, Jul 402, Oct 403, Jan 404, Apr 405, Jul 406, Oct 407, Jan 408, Apr 409, Jul 410, Oct 411, Jan 412, Apr 413, Jul 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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 11.

Table of international bond issues with columns for country, issue name, amount, bid, offer, and yield. Includes sections for U.S. Dollar, Deutsche Mark, Swiss Franc, and others.

Table of exchange rates for various currencies including Yen, Swiss Franc, and others.

Table of other securities including various government and corporate bonds.

Table of convertible bonds with columns for issue name, amount, bid, offer, and yield.

Table of floating rate notes with columns for issue name, amount, bid, offer, and yield.

Table of other securities including various international bonds.

Table of other securities including various international bonds.

Table of other securities including various international bonds.

Table of other securities including various international bonds.

CAPITAL MARKETS

Ford Motor Credit launches FRN into strong market

BY MAGGIE URRY IN LONDON. THE RECENT strength of the Euro-dollar floating-rate note market has prompted Ford Motor Credit to launch an issue, banks are more often the borrowers and buyers for FRNs.

Ford's \$200m issue has a seven-year life and yields 4 1/2 per cent over six-month London interbank offered rate (Libor). Front-end fees total 3/4 per cent, giving an all-in cost to Ford of nearly 2 1/2 basis points over Libor on a compounded basis.

Lead-manager is Goldman Sachs, with Deutsche Bank, Swiss Bank International, UBS (Securities) and Commerzbank as co-leads.

The notes were bid at a discount of 85 basis points to the par issue price, inside the total fees, although outside that paid to the underwriters.

Activity was low in the Euro-dollar bond market, with prices little changed on the day.

The 100m bulldog issue for Sweden was oversubscribed and lead-manager Morgan Grenfell announced that applications for up to £250,000 worth would be allotted in full, above that, applicants would receive 57 per cent, with a minimum of £250,000. Dealings in £200m paid form start today.

The World Bank launched a Canadian dollar issue into the Asian market through Daiwa Securities.

The level of the dollar and rising Swiss interest rates caused falls of 1/4 point in foreign Swiss franc bond prices.

UBS launched a public issue for the Japanese city of Kobe. Raising SwFr 100m, the 10-year bond has an indicated 5 1/2 per cent coupon and par issue price. Final terms will be set on October 17.

OVER-THE-COUNTER

Large table of over-the-counter securities with columns for stock name, sales, high, low, last, and change. Includes sections for N-N, O-O, P-Q, R-R, S-S, T-T, U-U, V-V, W-W, X-X, Y-Y, Z-Z.

Austrian revival plan for capital market

BY PATRICK BLUM IN VIENNA. AUSTRIA is to cut the tax on interest on bonds and deposits from 7.5 per cent to 5 per cent as a first measure to revive the domestic capital market.

The decision, taken a week in advance of the presentation of the 1985 budget, was approved last night at the meeting of the executive committee of the ruling Socialist Party.

Dr Franz Vranitzky, the Finance Minister, said after the meeting that the decision would take effect on January 1 1985.

In the first six months of this year there has been a net capital outflow of about Sch 5bn (\$2.5bn) compared with a net inflow of Sch 12bn in 1983. The banks that traditionally take up most of the bonds on the domestic market have found that they can improve their earnings by buying foreign bonds rather than Austrian ones, which fall under the tax. For the same reason they also prefer to make direct loans rather than buy local bonds.

The lack of enthusiasm in the Austrian market was reflected in a fall of 88 per cent in the volume of bonds issued in the first three quarters of this year. Gross bond issues including government bonds at the end of the year were only Sch 15.9bn compared with Sch 47.2bn in the same period in 1983.

Dr Vranitzky said that the tax is not the main reason for the "fired capital market in Austria" although he admits that the prolonged discussion that preceded its introduction was harmful. "Some people say abolish the tax and the market will be back to what it was before, but I don't buy that."

Nevertheless the tax has proved unpopular both with the banking community and with the small saver. In addition it has failed to bring in the revenues expected by the Government. The Minister of Finance has calculated that in 1985 it would cost about Sch 3bn on savings deposits and a mere Sch 200m on securities from the tax.

That hardly makes a dent in the net budget deficit, which last year exceeded a record Sch 65.0bn (gross deficit Sch 91.1bn) so there has been considerable pressure to change the tax or do away with it altogether.

Herr Walter Finger, General Secretary of the Savings Banks Association, welcomed the decision as including the most important element in the tax abolition: the savings banks would nevertheless continue to press for the tax to be abolished, he said.

Soviet bank Euroloan

BY PETER MONTAGNON IN LONDON. VNESHOTRBANK, the Soviet foreign trade bank, has launched a fresh loan in the Euromarkets only a week after a previous borrowing was doubled from Ecu 75m to Ecu 150m.

It is raising \$100m through a group of banks led by Banque Arabe et Internationale d'Investissement, the Paris-based consortium bank. The credit will bear interest at a margin of 1/2 per cent over London Eurodollar rates and

has a bullet maturity which means that no repayment instalments fall due before the end of its five-year life.

No U.S. banks are expected to take part in the new operation. U.S. bankers say their refusal is basically determined by the low margins now being offered by Vneshtorgbank, which is being offered by Vneshtorgbank, the Paris-based consortium bank. The credit will bear interest at a margin of 1/2 per cent over London Eurodollar rates and

definition of Indian origin includes Indian immigrants to the UK and Englishmen born under the Raj. At 40 per cent of the fund may be held by UK nationals and other non-Indians.

The fund is controlled jointly by Hill Samuel subsidiary, and Charapkal Investment and Financial Consultancy of Bombay. Charapkal will advise the Hill Samuel managers on the fund's Indian content, foreign investment.

No dividends will be paid out of the open-ended Jersey fund which is issuing redeemable preference shares. As the income is "rolled-up", UK residents will be liable to income tax on all the returns from the fund but only when they cash in their holdings.

Advertisement for Abdullah Mohamed Jameel Jamjoom and his associates, including details of a D.M. 76,500,000 TERM LOAN in connection with the construction of the Jamjoom Commercial Centre, Jeddah, Saudi Arabia. Lists various banks and agents involved.

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